

The complaint

Mr M complains about a trade he made in a gold futures contract through his spread betting account with IG Index Limited ("IGIL") as the trade was denominated in USD rather than GBP.

What happened

Your text here On 29 April 2020 Mr M opened a trade in a gold futures 2150 call option denominated in USD. He contacted IGIL some two weeks later saying that he had just noticed that one of two positions he had opened had been opened using USD instead of pounds sterling, referring to the above trade. He asked for the trade to be transferred to pounds sterling as soon as possible as he believed there would be a reduction in the value of the dollar.

The initial response Mr M received was that gold futures is denominated in USD and as such he was filled in USD and this will be converted into GBP and charged on his account. He queried this as he had another position that was denoted in pound sterling. IGIL responded and apologised for the earlier information it had provided, which it said related to trades on a CFD account not a spread betting account. It said on a spread betting account you can choose the currency and that he had chosen GBP for one position and USD for another.

Mr M said he didn't choose USD on opening the position, but that it defaulted to USD and he had checked the demo platform and it was doing the same thing. He explained he had taken the position because he thought the dollar was going to crumble. There was some further communication but nothing was resolved and Mr M then complained to IGIL.

It didn't uphold his complaint, saying that he had selected USD to trade instead of GBP, as shown in his order history. It explained that as Mr M was trading in a spread betting account he could trade in a currency that was different from that of the underlying market and provided a screenshot showing the currency could be changed. It said that it hadn't changed the currency he had selected.

Mr M referred his complaint to our service and one of our investigators considered it but didn't think it should be upheld. He said that based on the evidence Mr M had opened the trade in USD instead of GBP. He said the account was execution only and it is the customer's responsibility to ensure they are happy with the trade before going ahead with an order. The investigator said that the explanation provided by IGIL might have caused some confusion but he couldn't see that it had made a mistake.

Mr M didn't agree with the investigator. He said that when taking the trade the option to switch currency was not made available and this was something it updated after the complaint had been made. The investigator responded and said if Mr M wasn't happy to go ahead in USD he shouldn't have placed the trade and there was no evidence that there was an update as suggested by him.

As Mr M didn't agree with the investigator the matter has been referred to me for 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.

My role is to determine this complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case based on the information provided by the parties and taking into account relevant: law and regulations; regulator's rules, guidance and standards; codes of practice; good industry practice at the time - where I consider it appropriate to do so. My findings of fact are made on a balance of probabilities – what is more likely than not – and it is for me to decide how much weight to give to evidence provided by the parties.

The account Mr M operated was execution only and as such it was his decision alone as to whether he should proceed with a trade or not. He originally suggested that the trade had defaulted to USD when he opened it. This suggests that he selected GBP as the currency but it defaulted to USD on opening. He has subsequently argued that there was no option to select GBP when making the trade, which appears on the face of it to contradict his earlier argument.

There is nothing to support what Mr M has said about the trade defaulting to USD when he opened it. In his initial email to IGIL he said he had 'become aware' the trade was denominated in USD, which isn't consistent with him being seeing this 'default' to USD at the time of the trade. Moreover, if he had been aware of this he could be expected to raise this immediately, given on his case he hadn't intended to place a trade in USD, and he didn't. Given there is no evidence to support what he has said and it is contradicted by his later argument that there wasn't an option to choose GBP in the first place I am not persuaded there was a 'default' to USD when he opened his trade.

Mr M subsequently argues that there was no option to select GBP in the first place when he placed the trade. Although he has provided screenshots he says support what he has said IGIL has also provided screenshots that show that it is possible to select either USD or GBP when placing a gold futures trade in a spread betting account. I think it is more likely than not that what IGIL has provided shows the actual position. I say this because of the inconsistencies in the arguments Mr M has made that I have already referred to and further inconsistent statements he has made about not being able to choose the currency when trading gold futures that I comment on below.

Even if I was to accept there was no option to choose GBP as the currency at the time and that the only option was USD, as he has suggested, he has an execution only account. In the circumstances it was his decision alone as to whether he wanted to place a trade or not. In other words, if the only currency option for the trade he wanted to place was USD he obviously knew this at the time he placed the trade and he can't now complain that isn't the currency he wanted to trade in.

Mr M has argued that IGIL updated its system after he complained. In short he is suggesting that the option of placing a trade in GBP was added after his trade. IGIL told Mr M there had been no change to the process and that it had always been possible to choose GBP as the currency in a spread betting account when trading gold futures. In any event, this makes no difference to my finding above – namely that if he didn't have the option of choosing GBP as the currency when he placed his trade then he chose to place his trade in USD and can't now complain about that. If IGIL did change the process subsequently this has nothing to do with his decision to place the trade in USD originally.

However, I am briefly going to comment on this as it is another argument Mr M has put

forward which is contradicted by other statements he has made and a further reason I don't think I should place much weight on his evidence.

In his complaint letter Mr M challenged what IGIL had originally mistakenly told him about gold futures being denominated only in USD on the basis that previous gold futures options he had traded had settled in pound sterling. The argument that he was able to choose GBP as the currency in gold futures trades he had previously made contradicts Mr M's argument that it was only possible to select GBP as the currency as a result of some later update.

In the circumstances, having considered all the evidence, I think it is more likely than not that Mr M chose to place his trade in USD rather than GBP, or he did so mistakenly. In either case this wasn't the result of IFDL doing anything wrong. Even if I am wrong about that and there was no option to choose GBP at the time, which I think is unlikely on the evidence, the account was an execution only account. As such Mr M is responsible for the trades he decides to make and IGIL isn't responsible for him deciding to place a trade denominated in USD.

My final decision

I don't uphold this complaint for the reasons I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 December 2023.

Philip Gibbons
Ombudsman