

## **The complaint**

Mr J complains that a technical issue at Interactive Brokers (UK) Ltd ("IBUK") prevented him from closing his options spread trade. He says he could have closed out at a profit, but he realised a loss because of the time IBUK took to close the position for him.

He wants IBUK to compensate him for the loss that was realised when his position was closed – US\$4,020; and for the profit he lost – US\$900, by not being able to close out at the price he wanted.

## **What happened**

Our investigator set out the background to this complaint in some detail. To avoid too much repetition, I will summarise things very briefly,

Mr J has had an execution only trading account with IBUK since July 2020. IBUK acts as a broker and passes orders to the market. On 22 December 2021, Mr J bought an options spread contract. This was traded through an exchange which I'll refer to as "C". Mr J says his intention was to close the contract the following day. He says he tried to close out on the morning of 23<sup>rd</sup> at US\$8.30, but he couldn't successfully close the trade online.

Mr J phoned IBUK and the position was finally closed around two hours later, which realised a loss of US\$4,020, rather than the US\$900 profit Mr J says he would have received were it not for the technical problems.

IBUK said it wasn't responsible for the technical problems which prevented Mr J closing out his trade when he wanted to. Rather, it was an issue at C which prevented it recognising orders like Mr J's.

Our investigator didn't recommend that the complaint should be upheld. He concluded that the issue stemmed from C, rather than IBUK and so it wouldn't be fair to hold IBUK responsible for Mr J's losses. He was satisfied that IBUK had acted reasonably in trying to resolve the issue, and in closing Mr J's trade when the issue was on-going.

Mr J had a number of questions about how IBUK dealt with other clients who were affected by the issue. He said this information was needed to understand whether the two hours it took for his position to be closed was reasonable. But IBUK couldn't provide this information. Mr J thought this called into question what IBUK had told us, and the investigator's conclusion that IBUK had acted reasonably. He explained the loss he had incurred had had a considerable financial and emotional impact on him and his family.

## **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.

Having done so, I find I have come to the same conclusion as our investigator. As already noted, he set out in detail the reasons for his conclusion and provided explanation in

response to Mr J's further submissions. There's little I can usefully add without repeating what he's already said. But I will explain the key reasons for why I agree with him.

IBUK's terms and conditions say:

*"IB UK and its Affiliates cannot and do not warrant or guarantee that every Customer order will be executed at the best posted price. Among other things.....(e) exchange Rules or decisions or systems delays or failures may prevent Customer's order from being executed, may cause a delay in the execution of Customer's order, or may cause Customer's order not to be executed at the best posted price."* (3Biii)

I'm satisfied from the evidence IBUK has provided that the reason Mr J couldn't close out his position online was because C's process by which it generates new symbols was delayed. This meant stale information was received from C by IBUK. The result was that some types of orders, including Mr J's, weren't recognised by C.

I'm satisfied that the reason Mr J couldn't close out his position when he wanted to was because of a systems issue at C which was out of IBUK's control. And that its terms are reasonably clear that it isn't responsible for any losses Mr J made as a result.

But IBUK still had a duty to treat Mr J fairly and reasonably. After careful consideration, I'm satisfied that it did. I say that because:

- When Mr J couldn't close his position online, he phoned IBUK for help. As a result IBUK was able to close the position for Mr J.
- Mr J phoned IBUK at 9.51am. At this point, it hadn't been identified why Mr J had encountered a problem, or that the problem was affecting other customers, or the reason for the problem. By around 11.23am, it had been identified that there was a problem with C's system. Mr J's position was closed by 12pm, before the technical issue was fixed at 12.47pm. I can see from IBUK's records of the incident that it worked reasonably quickly to investigate and resolve the issue. It systematically tried different ways of getting the trade closed and it was able to do this by breaking the order into different legs and finding a combination of orders which was finally accepted. I appreciate it took some time for IBUK to successfully close the position, around two hours, by which time the price had moved against Mr J. But IBUK was able to close Mr J's trade before the technical issue was fixed. In doing so, I think it treated him fairly and reasonably.
- Mr J says that he spent a long time on the phone with two members of staff who were unable to help him. When he asked to speak to a dealer, he was able to close the trade relatively quickly. Mr J says he should have been put through to a dealer as soon as he called and explained what he was trying to do. But, as our investigator set out, I think this is with the benefit of hindsight and I don't think it was unreasonable at the time for IBUK to investigate and try to resolve the problem Mr J had encountered.
- Mr J says this service can't determine whether IBUK closed his trade within a "reasonable" amount of time, without knowing how IBUK treated other customers with the same problem and how quickly it acted for each of them. I don't think it's surprising or unreasonable that IBUK can't provide us with this information, and I don't think it's information that's needed for me to make a decision. I've found IBUK was able to close out Mr J's position before it had resolved the technical issue which had prevented Mr J from closing his position. I think that in itself is enough for me to conclude that Mr J wasn't treated unfairly.
- Mr J told us that none of the members in his trading room were affected by this issue.

And that IBUK hasn't provided evidence of other customers affected and how they were treated. I'm satisfied that the technical issue was confined to customers who were trying to trade particular types of orders, so would not have had a widespread impact. That said, I'm also satisfied from the evidence IBUK provided to us that it did impact a number of its customers, including Mr J.

I am not unsympathetic to the position in which Mr J finds himself. He tried to close out a position at a profit and, through no fault of his own, ending up closing out at a loss. And I appreciate what he says - that this loss has had an impact on him emotionally as well as financially. But I can't hold IBUK responsible for the loss because the system problem wasn't its responsibility and I find it treated Mr J fairly and reasonably in trying to help him.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 23 April 2024.

Elizabeth Dawes  
**Ombudsman**