

The complaint

Mr K complained about London Capital Group Ltd (LCG). He said it did not allow him to manage his positions, by limiting the use of its platform. He said it then went on and subsequently closed his account. He said he was not allowed to modify his trades before his account closed, so he was unable to mitigate his losses. He said LCG should compensate him for the losses he made plus interest.

What happened

Mr K held a trading account with LCG. On 14 February 2022, LCG informed Mr K that it was going to close his account.

Mr K said he was caught off guard by this as he had been a long-standing customer. He said the move by LCG was not fair as he was looking to keep his open positions for a longer period. Mr K said he asked LCG on 17 February 2022, if he could have more time to close his positions and said LCG only extended his account by a week. He said it was from this point, that it had set his account to 'close only', this meaning that he could only close his positions so, was unable to mitigate his losses.

Mr K said he had problems contacting LCG and was unable to use the chat service to message it. He said LCG's customer service did not respond to his urgent inquiries on its chat service.

Mr K concluded that if LCG had allowed him to modify his trades, he could have mitigated his losses by around 5761 euros. He said LCG should compensate him for this amount plus interest.

LCG said in response that it advised Mr K on 14 February 2022, that it was closing his trading account. It said under its terms and conditions, it could close his account immediately. It said as a gesture of goodwill it didn't liquidate his positions straight away but allowed him to close his positions by 21 February 2022. It said after talking to Mr K about this, it agreed to extend this to 28 February 2022. It said he closed his positions on 28 February and his funds were returned to him. It said his account was then closed. It said it didn't think it had done anything wrong with any of the actions it took. Finally, it said Mr K was able to contact it by phone or email, so didn't think it had done anything wrong here either.

Mr K was not happy with LCG's response and referred his complaint to our service.

An investigator looked into Mr K's complaint. She said LCG closed Mr K's account in line with its terms and conditions. She said she could not fairly conclude LCG hadn't complied with its terms. She said she was not upholding Mr K's complaint and wouldn't ask LCG to do anything further.

Mr K is not in agreement with the investigator's view. He said so far, all parties had misunderstood his complaint. He said he should have been able to trade his positions before the final deadline of 28 February 2022, set by LCG. He said his account was live and he

should have still been able to manage his positions. He said because LCG had put his account to 'close only' from 17 February 2022 onwards, he wasn't able to modify his trades and mitigate his losses. He said this was his complaint and not the termination of his account or the terms associated with this.

Mr K also asked when LCG had applied the termination of his account. He said it didn't do this straight away, rather it had agreed to do this by the deadline that it had set. He said based on what had happened (LCG didn't close his trades, pay his funds back or close his account) that it is obvious to him that his account was not terminated on 14 February 2022 and that he received a notice period from 14 February 2022 to 28 February 2022. He said his account was still live and was not closed so he should have been able to carry out trades during this period.

Mr K's complaint has been passed to me, an ombudsman, to look into.

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 would like to begin by highlighting the purpose of our service, which is an informal, impartial dispute resolution service. And while I do take relevant law and regulation into account when arriving at a decision, my remit is focussed on determining whether I feel a fair, or unfair outcome has occurred - from an impartial perspective – after taking all the factors and circumstances of a complaint into consideration.

With what I have just said in mind, in deciding Mr K's complaint I've focussed on what I consider to be the heart of the matter, rather than commenting on every issue raised in turn. My approach reflects the informal nature of our service that I have just described. That said, I would like to assure both parties that I have read all the documents submitted.

I think the central issue in dispute here is whether or not it was fair and reasonable for LCG to set Mr K's account to 'close only' from 17 February 2022 to when the account was closed by LCG on 28 February 2022. Mr K has said his account was set to 'close only' from 17 February 2022 onwards and as I haven't seen anything to suggest otherwise, I have proceeded on the basis that this was the case.

There doesn't seem to have been any dispute between the parties over LCG being able, within its terms and conditions, terminate the agreement it had with Mr K and close his account. Mr K's complaint as I see it, is more about *how* it has gone about this.

Mr K was first given notification by LCG that it was closing his account on 14 February 2022, when it wrote to him responding to a complaint he had made about a trade. Towards the end of its response, it stated that it was closing his account in accordance with clause 26.2 of its business customer agreement. The clause states that LCG may at any time close his account immediately.

LCG goes on to say that its records show that Mr K had open positions. It asked him to close all open positions by 21 February 2022, or alternatively they would be liquidated by its dealing team.

Mr K then said he contacted LCG on 17 February 2022, to ask for an extension to the deadline it set. He said he was able to trade, and his account was live up to this point. Mr K said though that after LCG responded to his request and granted an additional week, giving a new deadline of 28 February 2022, it was at this stage that it set Mr K's account to 'close

only'. It has explained to our service that this means Mr K was from this point, unable to carry out any new trades, and only could decide when to close his existing positions.

This as I see it, is the crux of Mr K's complaint that he wasn't able to modify his positions, from the point when LCG set his account to 'close only'. Mr K said if he was able to hedge his positions, he would have been able to mitigate his losses. Mr K said he should have been able to carry out trades until the deadline date agreed by LCG, this being 28 February 2022. He said his account was 'live' until this date.

I can see in the business customer agreement that Mr K would have agreed to when he opened his account, that LCG said it may at any time close his account immediately. So, when LCG wrote to Mr K and informed him that it would be terminating his agreement and closing his account, if it had followed its own terms, it could've terminated his agreement and closed his account on that day.

Mr K said that in fact, LCG gave him a notice period and that his account should have been live, and he should have been able to carry out trades until his account was closed. But I don't agree with Mr K here, I have seen nothing within the terms and conditions set for his account, that he signed up to, that states by LCG that it would give a notice period, upon notifying him of its intention to close his account. I think instead, LCG decided to give Mr K a week and set a deadline of 21 February 2022, to close his positions. LCG said it did this as a gesture of goodwill, rather than close his account immediately. I think by doing so it was giving Mr K a chance to close his positions in the way he wanted to. I don't think it had done anything that was unreasonable here. It gave Mr K a chance to close his open positions, rather than have them immediately liquidated, as it stated it may do, in its terms.

Mr K has told our service that he was able to trade during the period after 14 February 2022 for a short period of time, up to the point where he contacted it and asked for an extension on 17 February 2022. If this was the case, then Mr K was able for a short while to modify his trades in the way he wanted to, but he chose not to. Instead, he contacted LCG and asked for an extension. LCG granted it and set a new deadline of 28 February 2022. It was at this stage that it set Mr K's account to 'close only'. I can see that it had given Mr K an opportunity to make trades and modify his positions, but now it had given him an additional week's extension, but at this stage put in an additional restriction that Mr K wasn't able to carry out any new trades.

On balance, I don't think LCG has been unreasonable here. I can see that it then tried to give Mr K the opportunity to manage his positions by giving him a short window in which to modify them, and then after that another extended short window to close his positions. I appreciate that the terms said that account closure in such circumstances would be with immediate effect, with all transactions also closed. But I don't think LCG acted unfairly or unreasonably in providing Mr G with more time.

Moving on, Mr K said he was unhappy that he was unable to contact LCG through the chat service that it provided. LCG on the other hand said Mr K could have called it on the telephone or sent an email and it would have responded. I can see LCG has provided Mr K with options for Mr K to contact it. So, Mr K was able to contact LCG through these methods. I have not seen any problems with LCG responding to or communicating with Mr K through these means. So, I don't think it has done anything wrong here either and I won't be asking it to do anything further in this regard.

Finally, Mr K has been given the documents that LCG has supplied to our service, and within it he has read what LCG said were its reasons for closing his account. Mr K said that LCG have tried to discredit him and that its reasons were unfounded. I have not looked into this, because I don't think the reasons that LCG gave for why it decided to terminate Mr K's

agreement are material to the outcome of Mr K's complaint, this being about how it closed his account and not whether it could or why.

I appreciate that my decision will be disappointing for Mr K, and I acknowledge how strongly he feels about the issues that he has complained about. But based on everything I have read and the findings I have given, I don't uphold his complaint.

My final decision

My final decision is that I do not uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 3 May 2024.

Mark Richardson
Ombudsman