

## **The complaint**

Mr D is unhappy that Trading 212 UK Limited decided to close his trading account. He complains that he's lost out financially and to put things right he wants compensation for investment loss and a payment to reflect the stress caused by what happened.

## **What happened**

In September 2022, Mr D told us that he'd been unable to log in to his own Trading 212 account so he'd logged in using a third party account instead.

Trading 212 told us that on 13 September 2022, it was contacted by a third party claiming that they had trouble accessing their account. The next day, Trading 212 messaged Mr D and asked him to provide certain information to validate his identity. Mr D was warned that failure to provide the requested information within three days would result in closure of his Trading 212 account.

In October 2022, Trading 212 sent a message to Mr D telling him that it had made a business decision that it no longer wished to offer him any investment services and it had decided to close his account with immediate effect in accordance with its published terms and conditions. It said it had no obligation to give any reason.

In November 2022, Mr D received an email from Trading 212 which notified him that his Trading 212 account was closed.

When Mr D complained about this, Trading 212 told him it was because operating a third-party account was a direct breach of the terms and conditions he'd signed up to when he opened his account with Trading 212, so it had made the business decision to terminate his account.

One of our investigators looked at Mr D's complaint but didn't feel that Trading 212 had done anything wrong or acted unfairly by closing his account.

Mr D remained dissatisfied, so the matter comes to me for a final decision.

### **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.

We offer an informal dispute resolution service and we focus on deciding whether a financial business has made any error or acted unfairly or unreasonably. We are impartial and we make our decisions based on a balance of probabilities.

I must take into account the relevant law, regulatory requirements and best industry practice when making my decision.

The relevant terms and conditions that applied to Mr D's account with Trading 212 include the following:

*'You acknowledge that you are not permitted to open and/or operate an Account with us on a third party's behalf, regardless of your legal relations...We reserve the right to unilaterally close any such account that we become aware of, and we shall not be liable for any losses, damages, costs, or expenses arising from our actions under this clause.'*

It's not in dispute that Mr D operated an account belonging to a third party who also had an account on Trading 212's platform. He's explained why he did this and I accept that Mr D believed this was a legitimate way to contact Trading 212 when his own account wasn't functioning and he had the third party's consent. But it makes no difference, because doing so was expressly prohibited under the terms and conditions he'd signed up to in order to be able to operate his own Trading 212 account.

There's nothing in the terms and conditions that says Trading 212 had to give any notice before closing an account in these circumstances. So I can't fairly say that Trading 212 did anything wrong when it decided to close Mr D's account in line with the terms of the agreement he had with Trading 212.

Nonetheless, Trading 212 still needed to act in a fair and reasonable way and I've thought about this carefully.

A security alert was triggered on Mr D's account when it looked to Trading 212 like a third party had access to Mr D's account information. Trading 212 took the reasonable step of restricting the account and asking for verification information whilst it investigated matters. During the exchange with Trading 212's Customer Services, ID and a selfie photograph which belonged to Mr D was sent to Trading 212 via the third party account, along with Mr D's name and account number.

As I understand things, when Mr D responded to this information request using someone else's account, this flagged a further security concern – and I can see why. As far as Trading 212 was concerned, confidential information was being provided via a third party account about Mr D's account.

Despite the problems it caused Mr D, I don't feel that Trading 212 acted unfairly when it closed Mr D's account. Trading 212 had contacted both parties and requested additional identification documents and also noted that the same two devices were used to operate both accounts. When it didn't hear straight back from Mr D (other than via the third party account), Trading 212 decided to close both accounts with immediate effect. I don't think that was unreasonable when Mr D's actions had given Trading 212 good reason to have security concerns about both accounts, bearing in mind that Mr D could have contacted Trading 212 in a different way that wouldn't have raised any security issues.

Trading 212 has to meet regulatory requirements designed to protect its customers. How each financial business chooses to operate and the services they offer are matters that come under the oversight of the regulator - the Financial Conduct Authority (FCA). So I can't uphold this complaint on the basis that Trading 212 was wrong to have prohibited Mr D from communicating via a third party account and I'm satisfied that Trading 212 did have a fair reason for deciding to close his account.

All in all, after taking into account everything that Mr D and Trading 212 have told me, I haven't seen enough to show that Trading 212 made any error or that it treated Mr D in a way that wasn't fair and reasonable. So I can't uphold this complaint.

I hope that setting things out as I've done helps Mr D to understand how I've reached my conclusions and even though this isn't the outcome he hoped for, he will at least feel that his complaint has been fully considered by the Financial Ombudsman Service.

### **My final decision**

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 D to accept or reject my decision before 13 November 2023.

Susan Webb  
**Ombudsman**