

The complaint

Mr P complains about repeated requests from Forex Capital Markets Limited (FXCM) to update his personal details and verify his identity. He complains about the volume of requests, the short deadlines and threatening tone of some of the emails and the fact that it took to him to formally complain before alternative proof of residence was accepted.

What happened

Mr P had a trading account with FXCM which he had held for a number of years. In February 2021 FXCM wrote to Mr P and requested that he update some of his data. On that occasion, Mr P explained that he was given almost a month to complete the task – and he was able to confirm there had been no change to his personal data although, confusingly, FXCM wrote to him shortly after this to confirm ‘changes’ had been made. He also said he kept getting reminder emails to carry out this task, despite the fact that he had done so.

In April 2022 FXCM wrote to Mr P again with an email that said ‘Urgent Action Needed’. This email required Mr P to take action within two weeks or FXCM said it could potentially take action on any open trades he had. Mr P explained to this service that following this email he promptly logged in and was surprised to see the section of his account that usually had his bank details was empty, despite him not having made any changes to it.

Mr P explained that he re-entered his data and raised his dissatisfaction at having to do this again so soon after the review in February 2021. Unfortunately, he received another email a few weeks later asking for a utility bill issued in the preceding 30 days. Mr P said he explained to FXCM that he was billed quarterly, and therefore didn’t have one that exactly matched that description, but again he was threatened with his open positions being liquidated. He submitted the only utility bill he had – and this was rejected because it had been issued more than 30 days before the request.

As a result of these issues, Mr P raised a formal complaint and was eventually able to submit a bank statement which FXCM deemed acceptable – this closed its requests for more information. Mr P raised a number of questions as part of his complaint, but when FXCM looked into matters, it didn’t think it had done anything wrong. In short, it considered it was meeting its regulatory obligations in asking this information from Mr P, but it did apologise for any inconvenience caused to him.

Mr P remained unhappy and referred his complaint to this service. One of our investigators looked into his complaint, but didn’t think it should be upheld. In short, he thought that FXCM was entitled to ask for information in order to meet its regulatory obligations, and as such he didn’t feel it had done anything wrong.

Mr P didn’t agree and asked for an ombudsman to decide the matter.

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'm sorry to disappoint Mr P, because I can see that this matter has caused him a great deal of inconvenience and aggravation, but I don't have much to add to what the investigator has already said.

I should start by saying that in principle, I agree that FXCM was entitled to ask for the information that it did. Whilst I agree the timescales in its 2022 requests for information were tighter, Mr P did still have at least two weeks to complete the requests on each occasion, and I consider that sufficient given what Mr P was asked to provide. I note that in any event, Mr P completed the relevant steps well in advance of any action and didn't suffer any financial loss as a result.

I also need to make clear that this service operates an informal dispute resolution service – and it isn't my role to ask questions of FXCM on Mr P's behalf, unless I consider them relevant to the key issues in dispute. For the reasons I've just given, whilst I understand why Mr P has these questions, they are not relevant to my core finding – which is that FXCM didn't breach any of its obligations when it made the requests that it did.

All that being said, I do completely understand why Mr P was left so dissatisfied by FXCM's actions. It's clear to me that the systems FXCM had in place at the time to facilitate the collection of this information were not especially customer friendly – for example the email Mr P received in April 2022 with a login link that didn't work. Or screens which required Mr P to review his information, but didn't provide a button or some other method of 'confirming' the information as accurate for the purposes of the 'urgent' email he'd received. And finally the issue of the utility bill seemed to me to be particularly arbitrary – the rules give FXCM a degree of discretion when considering evidence from its consumers, and the bill Mr P provided was less than 8 weeks old by the time FXCM asked for it.

Given his explanation that this was produced quarterly (and this would've been evidenced from the bill itself) and the fact that Mr P's details hadn't changed basically since having the account, I think FXCM could've demonstrated more flexibility with Mr P during this process. And I can therefore understand why this, combined with what he perceived to be persistent requests for information, caused Mr P to experience such profound annoyance.

However, these are ultimately customer service matters. Notwithstanding my view that FXCM didn't do anything substantially wrong in requesting this information from Mr P, I'm not persuaded any of the issues Mr P has complained about ought to attract financial compensation. In my view these are issues which will arise, from time to time, in the normal course of managing and administering accounts of this nature – and various firms will carry out these tasks more or less efficiently.

If Mr P's view is that FXCM does not carry out these tasks efficiently or in a customer focused way, then his remedy is to take his custom elsewhere. I'm not persuaded it would be fair and reasonable to award any financial compensation given these circumstances.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 2 February 2024.

Alessandro Pulzone
Ombudsman