

The complaint

Mr C complains that he placed an order for opening a new position on IG Index Limited's platform but when the order was filled, it had incorrectly closed an existing position instead.

What happened

Mr C's position

Mr C opened a Contracts for Difference (CFD) account with IG Index Limited (IG) in April 2022. He says he placed a buy order on IG's platform on 26 May 2022, but when the order was filled it showed to have incorrectly closed an existing position instead. He says this position closed without his permission and holds IG responsible for this change.

He says his trading strategy was to trade at the peak and then re-hedge at a higher point if the price continued to rise and this was not possible as the order netted off before he was able to execute his strategy. He says he contact IG to reinstate his position, but they could only do this at their original price levels. He says this resulted him not being to make a profit and run a bigger loss which over a period cost him up to £50,000.

After complaining to IG, it became clear he was using an old version of the mobile application and says this was because he was never prompted to update the application. He still maintains that he did not opt to "net off". He feels strongly that as it is IG's application it is their responsibility to ensure this application is accurate and up to date and should have forced users to update this and this is what he says other providers do. To resolve his complaint, he would like to be compensated for his losses.

IG's position

They issued their final response in July 2022 saying they did not make any changes to the account deal settings such as net off or force open. These are set by the client on the trading platform and any amendments would have been done by the client alone.

As neither party say they made the changes to his default settings, IG considered whether any system/application updates would have resulted in a reset of the settings on the mobile application. IG confirmed that it may be the case that if there is a network issue whilst the application is being reinstalled, it may not retrieve all the default settings from the database. However, where this situation does arise, IG say the following message would be displayed on the deal page *"your force open/net off settings haven't fully loaded. Please check them below. before placing a trade. Check settings"*. This is displayed near the top of the deal page in a coloured box and would be visible to anyone on this page. IG confirm that no issues were reported on 26 May 2022 or when Mr C placed his deal.

IG also say any updates to the mobile application would automatically be prompted by iPhone and is not something that would be prompted by them. They say any prompt or request to update the application would be dependent on Mr C's own phone settings and

whether this had been disabled. They say this is something outside of their control and is for Mr C to manage himself.

They say upon investigation they could not see anything to suggest there was a change made by IG. They also established that when the order was placed at 16:29, Mr C used his phone trading app on which the “net off” option was selected.

As a gesture of good will, IG agreed to reinstate the long and short positions at their original price levels as well as refund the realised loss. They say there was no guarantee the trades would have behaved as he had predicted and didn’t agree to compensate him for any loss of opportunity or potential loss of profit. They also later agreed to offer a refund of the overnight funding charged from 26 May 2022 to 16 August 2022 when the trade was closed. This amounted to a total of £650.

Mr C didn’t accept the offer made as it didn’t compensate him for the loss he incurred, and he continued to dispute that the settings were working correctly. Unhappy with this outcome, he brought his complaint to this service.

Investigators view

The investigator here didn’t uphold his complaint. He said it was more likely that using an old version of the application caused a change in default settings. He says any updates to the application should have happened automatically unless the device Mr C used was set not to install automatic updates and that there was no regulatory requirement for a firm to ensure customers used the latest version of the application. He said the data suggested the “force open” default was changed to “net off” by the customer and concluded there wasn’t enough evidence to suggest an error on IG’s part led to the closure of Mr C’s positions.

Mr C didn’t accept the investigators view, so this has come to me for a 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.

In deciding what is fair and reasonable, I must consider the relevant regulation and best industry practice, but it’s for me to decide, based on the information and evidence that I have been given, what’s more likely than not to have happened. Having done so, I am not upholding this complaint and for broadly similar reasons as the investigator. I will explain further.

In establishing what happened, I would expect firstly to see if any changes were made to the default setting on the account which would have been “force open”. IG confirm there are two ways to make changes to the “force open”/“net off” option.

1. Under default option in the main settings panel on the left hand side on the main page. This would set the default on all deals/order placed.
2. When placing an individual deal/order, the force open and net off option is set there.

When a change is made from the default position, the mobile application would net off by closing an already open position. Mr C and IG both confirm no changes were made by him and IG also say they’ve not made any changes to his account, and I am satisfied that no changes were made to the main default settings as outlined in (1) above.

The default preference staying as “force open” in the main settings doesn’t guarantee that this is what would have happened with all trades going forwards. This because this option can also be changed on the individual deal ticket without making any changes to the default preference. It would automatically show as being the default setting (as set in 1 above) but can be manually changed for each individual deal/order without impacting the default setting on any other deal/order placed. So, I looked at this screen to see what information was visible. It is critical to note that the deal page specifically confirms “When filled Net Off/Force open” before the deal is placed, but I accept this may not have been so clear to Mr C as he was using an old version of the mobile application.

I considered Mr C’s position with using an old version of the application. He says IG should be forcing its customers update the application, but I’m not persuaded by this. I don’t see that this is within IG’s control particularly when it is Mr C himself that would need to update this from his iPhone’s application store. On balance, it is more likely as IG have explained that Mr C may have disabled this function himself and he should look to review his phone settings. I think it would be unreasonable to hold IG responsible for updates on personal mobile phones that they have no control over.

Whether this was the old version of the application or new, given the nature of this feature, IG say the default setting would be irrelevant, and I agree with them. As the preference can be changed when placing individual trades, it is more important to look at which option was selected when trading rather than the default position of the account. On this occasion, the evidence I have seen shows it is recorded as “net off” so this option was selected when he placed his deal.

IG have provided evidence of Mr C’s trading history showing 198 working orders. So, placing these types of working orders that nets off positions on his account was not uncommon. His trading history shows numerous positions where the “force open” option has been changed to net off and the same can be said for his trades on 26 May 2022. The trading data for this day shows he has made changes to the force open option on various positions. This change would need to be done individually on each deal placed and explains why IG were unable to see any change in the main default settings. On balance it is more likely than not, that Mr C was responsible for these individual changes, whether intentionally or not.

I appreciate how disappointing this must be for Mr C particularly as he’s lost considerable money but looking at this complaint and the evidence provided to me, I’m not persuaded that any wrongdoing on IG’s part has been established. If he does continue to have any concerns in relation to the way in which IG operates, Mr C could refer his complaint to the regulators, the Financial Conduct Authority.

My final decision

My final decision is that I am not upholding this complaint against IG Index Limited.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr C to accept or reject my decision before 8 August 2023.

Naima Abdul-Rasool
Ombudsman