

Heading: When is a settlement offer reasonable?

Background

Alexa* signed up for an account with a Contract for Difference (CFD**) provider. Over a short period of time, she incurred substantial losses. She raised a complaint about how the provider operated and the resulting loss of her deposited funds.

Alexa was seeking a refund of the deposits she made to the provider and payment of \$3,000 for the costs she incurred in raising the complaint.

Next steps

Alexa did not accept a resolution offered by the provider and escalated her complaint to FDRS.

FDRS got in touch with the provider. The provider advised that they were willing to refund 100% of Alexa's deposits as an act of goodwill, however, they were not willing to make a payment for costs incurred. The provider also said the offer was still available.

Facilitation/conciliation/mediation/adjudication

The matter was referred to the FDRS adjudicator to issue a decision on jurisdiction. He noted the Rules set out a range of circumstances under which FDRS cannot consider a complaint and referred to Rule 12:

***Reasonable settlement offer already made** ...on the basis of the facts presented by the complainant, the member has made a reasonable offer to settle the complaint.*

Based on the information presented, the offer made was determined to be a reasonable settlement offer and FDRS could not consider the complaint further.

Outcome

The jurisdiction decision was provided to both parties and the case was closed.

* Names have been changed to protect our customers' identities

** A Contract for Difference or CFD is a financial contract between two parties, typically described as "buyer" and "seller", stipulating that the buyer will pay to the seller the difference between the current value of an asset and its value at contract time

