

[REDACTED]

To Etoro`s Simon Peters, Diamond Membership account manager
To Etoro`s Public Relations manager
To Etoro`s Complaints manager

and to Whom it may concern

**“Covid Crash Stop Losses Reimbursement Request due to disappointed in Etoro`s conduct
10/07/2020”**

Dear Etoro,

“I`m writing as a concerned Platinum Member customer of your platform to ask for understanding and compensation due to financial problems that I have from trading on Etoro because Etoro failed to ignore warning signs that I was investing more than I could and mounting debt. Despite Etoro asking for my funds and knowing that I have re-mortgaged house, have loans and credit cards debt, (I have formally issued all my financial debt information to Etoro previously) you have not advised, warned or counselled me and allowed to carry out risky leveraged trades. I feel it is happening with other vulnerable customers and Etoro doesn't exercise duty of care or has not mechanisms to prevent people going bankrupt. All this resulted in me loosing a fortune on leveraged positions during Covid caused markets crash in March, and consequent depression, poor mental health and personal and financial life problems.

I have calculated a figure that I believe is reasonable to reimburse me, based on my one mistake of adjusting Stop Losses a night before market crash (which nobody knew coming), and I request Etoro just retain losses that would occur if I haven`t adjusted SL, but left current Stop Losses. That one night cost me \$2802.82 which I used to “top up” stop losses. This is all I`m asking. I`m not asking Etoro to return overnight fees, spreads or compensation for knowingly allowing me to GAMBLE my life savings.

I trust this can amicably be resolved, but in case you don`t want to help me, I have a list of problems, errors and malpractices that I Etoro has committed on my account that could be investigated and audited by authorities.”

I was very unfortunate that I have adjusted stop losses day before the March 2020 crypto crash black Thursday. I`ve adjusted them to cover for 25-30% drop, I didn`t know that the Crypto market is going to Crash the next day, BTC falling under 5k and then as low as 3.8k. Had I known this will happen I would have deposited more money and adjusted SL accordingly but it happened “over night”. My regret is that if I didn`t adjust stop losses the night before, but left them, I would have saved \$2802. I wouldn`t mind genuinely taking SL at the levels before I adjusted them. But Knowing that I meticulously reviewed each leveraged position, spending over \$2802.82 including additional deposit of £2000 just to increase SL, and then next day markets crushed more than 25%, I feel like a looser.

“Overall that week I lost over \$18k plus over a thousand on incurred fees while holding leveraged positions. This was not the only trading account where I lost money. Those events put me in state of

deep depression, misery, I was helpless, had to confess to my wife how I've GAMBLED money for 2 new cars, mainly on Etoro. Credit cards started piling up, day job slowed down and then I was put on furlough. Great uncertainty about my day job in construction sector and providing safety for my family, having a small 1 year old baby, all awaken my mental health problems. Social lockdown, no extended family in this country, job at risk, DEBT on CREDIT CARDS, mental nightmare!"

The disruptive times during a Covid pandemic made me review my attitude to money and although my investments were long term in assets with strong fundamental and technical analysis, like gold or bitcoin (which proved to be right as from the start of pandemic in March to November it reached from 4 to 18 thousand \$!) My knowledge of these assets, research of the markets and long term plan was right. All signs showed that cryptocurrencies will surge as a hedge against rising inflation, banks quantitative easing and as alternative (used even by pension investment funds) to conventional stocks. It was a common knowledge and Etoro knew it too, yet they decided to terminate my account before my profits rise, keeping my losses as their profits!

During the pandemic, many people's jobs were at risk, but I heard that banks turned out to be very supportive, offered mortgage and loans payment holidays. Then I realised, that my financial losses on Etoro, and mainly how much I felt safe and secure to invest with them long term, were not entirely my fault.

I realised that Etoro committed a series of NEGLIGENCEs. Etoro FAILED to warn me that I'm trading with borrowed money from Credit Cards and Personal Loans, that I have to repay with huge interest. Etoro KNEW that I was depositing money from re-mortgaged house, LOANS and CREDIT cards, they have queried that my deposits are higher than my salary, I've explained that I have loans and trade using credit cards. Etoro knew that I have put all my life savings on the platform and that at that point I was making 80% loss.

In my early days of trading Etoro also never warned me that trading with 5x and 10x leverage, whilst not having any experience or qualifications, needs to be limited to a couple of trades. (The ESMA regulations restricting margin trading came into effect about 2 years after I started). In my first year of trading Etoro allowed me to make high leveraged trades, and consequently losing. Saying that "only trade what you can afford to lose" in this case is not enough, as Etoro should have a duty of care and MUST adhere to similar if not the same rules as gambling, betting platforms, online casinos, which are required by law to "protect" customers and provide warning mechanisms, or personal advice and support in a form of a phone call once in a quarter, asking about actual financial situation and checking if trading style hasn't got signs of addiction.

The more I think about it the more evidence I see that Etoro does not fully fill their commitments to provide a safe trading environment, obviously NEGLECTING or avoiding a number of industry guidelines and regulations. It's easy to gather evidence too, as all transactions are transparent, and emails of phone calls from Etoro are so rare that Etoro hasn't a strong leg to stand on. In particular, as a Diamond Member I would expect a more personal service and support, in this case not only friendly counselling, advice but also financial precautions.

Customer care in this case was down to calling and asking if I'm gonna invest more money. When I said that due to Covid, I'm reviewing my financial situation and may not trade for some time, Etoro decided I'm not good to them anymore (despite grooming me into investing over 250,000) and when I started pointing out technical problems with their system, financial discrepancies and errors, and major management and customer care misconduct and negligence, they decided to get rid of inconvenient user and terminate my account (despite being -70% in red).

Apart from Covid losses there were other contractual breaches of trust (wage explanation of FCA coverage), false sense of security as Diamond Member, unclear SL on crypto and closing automatically un-leveraged crypto positions, even though for a couple of dollars more than SL could

have been set to cover the spread, which again was not transparent at all.

Numerous discrepancies in reporting information about open and closed positions (different values shown, not reflecting actual money spent), Then I've discovered numerous positions which were charged overnight fees although they were not shown leveraged nor CFD but as owned the positions (cryptocurrencies).

A shocking number of gross financial errors in accounting statement is available as evidence and will be submitted as part of another appeal for damages.

Not the least, in the statement report, positions bought with leverage (CFD) are shown as Real (no leverage), no leverage. This discrepancies and inconsistency will cause problems with HMRC and Customs during TAX calculations, and confusion which assets should be taxed. Again Etoro`s sloppy system can put Clients in trouble with Tax office or even jeopardise credit history or worse.

Another reason for my claim, and another argument against your platform, is that a professional broker respects their client (me) and does a margin call first, before automatically closing position after position. I know modern trading is computerised and not all clients can be called by broker in person, but a broker can be contacted by customer after the automatic trading make adjustments. If Account Managers like Peter Simons called me that my crypto positions are being liquidated and after first couple I already had money in account to cover stop losses for remaining positions, more over, I had money in bank set aside for emergency situations to deposit and increase stop losses. I understand sometimes liquidations happen quickly and one after another, but, I'd like to think that firstly Etoro can use safety breakers or if too late, that I can call Etoro after, deposit required money to increase SL and re-open closed positions with new SL. A notification process like automated text message (SMS) or call in event of any position dropping more than 10% in short time, could also be your Etoro`s selling point. Other platforms like Plus500 send text message when position is close to margin or call directly! This would give me a moment to save at least a few positions. Fair enough, If I had a second margin call about the same position I understand, but at least I deserve a warning call and chance to adjust my account, like other brokers do. The decision to lose the trade or keep it and adjust stop/loss (increase margin) should be offered by reputable broker, who Etoro is not.

So, after the Covid market crashes I've requested Etoro to respect my trading history and deposits, taking me to Diamond member status, and offer some support in form of small reimbursment during this strange pandemic times. I gave Etoro a chance to prove to me, that they follow government guidelines (in preventing users to over-trade or limiting un-professional accounts in trades to give users time to reflect. Warning users and limiting access to trading should be first step to manage users trading behaviours, sudden closing account without discussion, while all positions are in a bull ran, and sudden discontint user from trading, without phased approach, also causes mental stress). If Etoro is approached by a user, they should not treat him like number and close account, but look after customers welfare and exhibit understanding and cooperation.

Yours Faithfully,

[REDACTED]
Diamond Etoro Member
[REDACTED]

10/07/2020

Original Appendices issued to Etoro are available upon request:

Appendix 1 - eToroAccountStatement [REDACTED] 01-01-2020 – 07-07-2020

Appendix 2 - Etoro Covid Crush 03.2020 -18k in month, closed positions, print screen

Appendix 3 - examples of discrepancies and unclaritys

Note added 30/11/2020

Value of my claim back then was only for a fraction of losses in one week, £2308.25. Etoro preferred to “uncover their dark, emotionless side and decided to get rid of me, knowing well how much problems I`ve discovered and that I might pursue legal action to get them resolved”. Termination of my account will not stop me seeking from justice.