

fastFT **Robinhood**

## Robinhood faces first lawsuit after outage

Suit filed in Florida federal court is attempting to gain class action status

Richard Henderson in New York 55 MINUTES AGO

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Robinhood, the stock trading app, faces its first lawsuit [after outages](#) on Monday and Tuesday locked out its 10m users during sharp swings in the stock market.

Travis Taaffe, a Florida resident, has sued the company for failing to provide access to trade his funds on the Robinhood app on Monday, when US stocks gained 4.6 per cent, one of the best days since the financial crisis.

The lawsuit was filed in federal court in Florida and is attempting to gain class action status. It estimates at least 1m users were affected with losses exceeding \$5m.

Michael Taaffe, a Florida lawyer, filed the lawsuit on behalf of his son. “He called me and said he had a small trading account at Robinhood and he couldn’t get on,” Mr Taaffe said in an interview. The firm received calls from disgruntled users throughout the day and junior associates at the firm itself also complained that they could not access the app.

“At that point we realised it was a serious problem,” he said. “We realised a lot of people were not able to get on to their account to trade or liquidate their account.”

Robinhood declined to comment on the lawsuit.

The trading app’s [system went down](#) minutes after the US stock market opened on Monday and remained down for the day. It came back online at 2am Tuesday in New York before suffering another outage at 10am on Tuesday that lasted for two hours.

The Tuesday disruption occurred after the Federal Reserve surprised markets with its biggest rate cut since the financial crisis, wiping 0.5 percentage points from its key

funding rate. This sent trading activity spiking, with the US stock market gaining initially only to fall to a 2.8 per cent loss by the end of the day.

In a statement issued on Tuesday the company said the outages were due to “unprecedented” trading activity that [overwhelmed its domain name system](#), a core element of websites that allow computers to talk to one another. As the company strengthens the system, it warned there may be future outages. The company’s terms and conditions state that it is not liable for losses relating to technology disruptions on its platform.

The company has offered users three months of free access to its premium service, saving users \$15. Mr Taaffe, the lawyer, warned that users should be wary of signing on to conditions that would exclude them from joining the class action.

The lawsuit also calls for Robinhood to implement failsafes to avoid future outages from high trading volumes.

A Twitter profile set up on Monday calling for a class-action lawsuit against Robinhood is not involved in the lawsuit. The account has received more than 6,000 followers.