

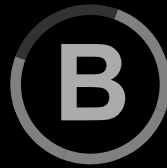
Markets

Robinhood Offers \$15 Outage Credits As Lawsuit Filed in Florida

By [John Gittelsohn](#)

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Robinhood Users Outraged Over Brokerage Platform Outage



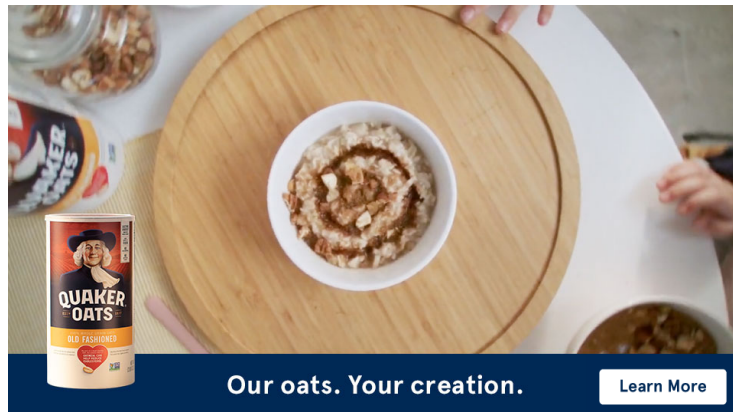
Robinhood Users Outraged Over Brokerage Platform Outage

Robinhood Financial is offering its gold clients three free months of service -- a \$15 value -- following outages this week when unprecedented volume and market volatility caused the system to crash during some of the stock market's biggest swings.

The company is also facing a lawsuit claiming the snafu caused users of its app "to miss out on some of the highest single-day market gains in recorded history."

Robinhood serves approximately 10 million retail clients and makes much of its revenue by selling its customers' orders to high-frequency traders, whose activity spiked during the recent market turmoil sparked by fears of the spreading coronavirus. The Financial Industry Regulatory Authority, which regulates the brokerage industry, is keeping an eye on complaints that have arisen from the outage.

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“We have been in touch with the firm and have been closely monitoring the situation,” Michelle Ong, a FINRA spokeswoman, said in an email Wednesday.

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The online brokerage’s customers were unable to trade all of Monday, when the Dow Jones Industrial Average gained a record 1,294 points, and approximately two hours Tuesday. The cause was “stress on our infrastructure -- which struggled with unprecedented load,” according to a blog post by the company’s co-founders Baiju Bhatt and Vladimir Tenev.

One frustrated Robinhood user filed a class-action lawsuit in federal court in Tampa, Florida, that accuses the company of failing to meet to contractual obligations, violating its warranty and negligence. The lawsuit, filed on behalf of all customers, seeks compensatory and punitive damages.

Robinhood representatives didn’t immediately reply to requests for comment on the lawsuit. They said notices offering the credits were sent to gold clients on Monday.

While many Robinhood clients get the service for free, gold customers pay monthly fees starting at \$5 for access to professional research, margin trades and other activities.

[Read more: Robinhood blames system outages on volatile market load](#)

– *With assistance by Robert Burnson*

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Gold
1,670.40 USD/t oz. ▼ -2.00 -0.12%

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DJIA
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