

*in Newly Filed / Newly Settled
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Robinhood Hit with Class Action Lawsuit Over App Outage

by **Corrado Rizzi**

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After a few days of [threats](#) and [Twitter outrage](#), Robinhood Markets, Inc. has been hit with a proposed class action lawsuit in Florida over the outages many users of the securities trading app experienced during the first week of March 2020.

The nine-page complaint, which also names as defendants Robinhood Financial LLC and Robinhood Securities, LLC, notes that on the same day the Dow Jones Industrial Average, S&P 500 and Nasdaq saw some of the largest gains in recent memory, Robinhood app users found the trading platform “completely inaccessible and unavailable.” Users could not access cash, securities or other property kept on the Robinhood platform, the case says, let alone use the defendants’ services to buy, sell or trade securities.

Since the outages on March 2 and 3, many Robinhood users have claimed they lost out on thousands of dollars, while calling on regulators to look into precisely what went wrong with the commission-free app.

“Defendants breached their contractual duties to Plaintiff and class members by failing to provide a functioning platform for Plaintiff and class members to access their personal funds, securities and/or other property,” the suit alleges.

What Is Robinhood?

The complaint explains that Robinhood provides users with commission-free trades in stocks, funds and options via a cloud-based platform that exists as an alternative to traditional in-person or by-phone financial services. Since its launch in April 2013, the Robinhood app has come to be a favorite among millennials, swelling in worth to \$7.6 billion as of July 2019.

Outages and outrage

On Monday, March 2, the Dow Jones Industrial Average rose more than 1,294 points, the case says. On the same day, the S&P 500 and Nasdaq rose 136 points and 384 points, respectively, marking “what was the biggest point gain in a single day for all three stock market indices,” the lawsuit states.

For Robinhood users, however, Monday was rough. In an email, Robinhood informed users that starting at 9:33 AM eastern time, the company experienced downtime that affected its platform's core functionality—the trading and acquiring of stocks.

According to the complaint, it was not until the early morning hours of March 3 that Robinhood announced on Twitter that its platform was back up and running. The company added, however, that it would be running tests throughout the night and that users “may observe some downtime as we prepare for tomorrow.”

Throughout the two days, the plaintiff says, Robinhood users were unable to access the platform to engage in trading activity, access funds kept within the app, transfer funds into the system or transfer funds off the system “for all but 3 minutes of New York Stock Exchange trading hours.” Robinhood, in a blog post, accepted responsibility for the platform's “complete failure,” stating that the outage was due to the inability of the app's infrastructure to handle an “unprecedented load” that triggered a DNS system failure.

The plaintiff charges in the suit that Robinhood fell short in its duty to provide users with a system and platform “robust enough to handle all possible reasonable volumes of trading” and to have a “redundant/backup system to handle outages.”

“Plaintiff and class members have all been damaged in a similar manner due to [Robinhood's] negligence,” the case alleges.

How do I join the class action over the Robinhood outages?

As is the case for most proposed class action lawsuits, you do not have to do anything in order to “join” or be a part of this lawsuit just yet. Typically, you only need to act when and if a case settles.

Keep in mind, though, that after a case is filed, it has a long way to go before those affected by a company’s alleged conduct need to mobilize and file a claim for compensation. Alternatively, you can always reach out to an attorney in your area if you’re interested in possibly starting a class action of your own.

What can I do in the meantime?

Stay informed, and check back with ClassAction.org. We’ll keep you posted on the situation as it progresses.

To have class action news sent straight to your inbox, sign up for ClassAction.org’s newsletter [here](#).

Who’s covered by this lawsuit?

The case looks to cover a class of all Robinhood users in the United States who lost the ability to access their brokerage accounts to conduct any transactions on March 2, 2020.

The complaint is embedded below.

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