

The complaint

Mrs M complains that CB Payments Ltd trading as Coinbase restricted access to her account without any warning or reason. Mrs M would like access to her funds and a refund of expenses incurred in moving her Crypto.

Mrs M is represented by Mr M. I note that Mr M also has a complaint with this service which will be dealt with separately.

What happened

Mrs M opened an account with Coinbase on 21 February 2021.

Mr M transferred his Crypto from his Coinbase account to Mrs M's new Coinbase account.

Coinbase restricted Mrs M's account. They said they needed information from Mrs M regarding her intended use of the account. They requested this information on 17 May 2021 and on 22 June 2021.

In March 2021 Mrs M was able to move the Crypto in her account to a different provider. In doing so Mrs M incurred charges of £9.01.

Mrs M was able to withdraw her cash balance of £44.94 from her Coinbase account on 17 September 2021. Her Coinbase account has a zero balance.

Mrs M complained to Coinbase that her account was blocked. They said they needed Mrs M to provide further documentation in order to lift the restrictions on her account.

Mrs M complained to our service. One of our investigators looked into the complaint He said Coinbase were entitled to review and block customers' accounts to comply with their legal and regulatory obligations.

Mr M on behalf of Mrs M was unhappy with our investigator's view he said we should let him know the reason why Coinbase blocked the account. Mr M wanted to know which specific regulations allowed Coinbase to block the account.

As there was no agreement the matter has come to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Account review and block

I'll start by setting out some context for the review of Mrs M's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These

obligations override all other obligations. I am satisfied Coinbase were complying with these obligations when they reviewed Mrs M's account.

I can see that in blocking the account Coinbase were following an internal process which they carried out in order to comply with their legal and regulatory obligations. This was a legitimate exercise so I can't say Coinbase was unfair.

Reasons

Whilst Mr M may have expected to be given the reasons for the block on Mrs M's account, Coinbase isn't required to give him a specific reason for restricting the account. So, I can't say Coinbase has done anything wrong by not giving Mr M this information – as much as he'd like to know.

I can see that Section 7 of the User Agreement that Mrs M agreed to when she opened the Coinbase account in February 2021 allows Coinbase to restrict her use of the account and it is under no obligation to provide Mrs M with the reasons.

Specific regulations

Mr M has said he would like to know which specific laws and regulations allowed Coinbase to block Mrs M's account. Coinbase aren't required to give Mr M any further reasons. Moreover, Coinbase's obligations are broad and varied, and it isn't the case that one regulation or law only applies to the circumstances of Mrs M and this complaint. Mr M may wish to research firms' obligations and responsibilities, and how they relate to Mrs M's circumstances and the decision Coinbase has taken. But from what I've seen, I'm satisfied Coinbase have acted in accordance with what's required of them.

Losses

Mr M has asked that Mrs M is refunded £9.01 for losses she incurred as a result of transferring the Crypto in her account to a new service provider.

Coinbase were entitled to take the action they did in blocking Mrs M's account so I can't say they are responsible for the losses Mrs M incurred. In addition, the losses incurred were the result of actions Mrs M chose to take so I can't say that Coinbase should be held liable for the losses. In any case Section 8.4 of the user agreement provides that Coinbase won't be held liable for any trading losses.

Mr M has told us that Mrs M wasn't able to access £44.94 in her account. I can see from statements provided to me that Mrs M was able to access this money on 17 September 2021. She withdrew this money from her account and her account balance is now zero. I won't be asking Coinbase to pay any compensation for this because Mrs M has recovered her funds and Coinbase were entitled to block her account.

In summary I know that Mr M on behalf of Mrs M will be unhappy with my decision but I can't say that Coinbase acted unfairly when they blocked Mrs M's account and I don't think they are liable for Mrs M's losses for the reasons I've stated above.

My final decision

For the reasons outlined above I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 21 July 2022.

Esperanza Fuentes
Ombudsman