

The complaint

Mr W complains about CD Payments Ltd trading as Coinbase. He said Coinbase changed its identification requirements after he had opened an account with it. This led to him needing to go and buy a webcam to gain access to his account. He would like Coinbase to reimburse that cost.

What happened

Mr W held an account with Coinbase. He had previously verified his identity using documentation. From late 2024 though, Coinbase changed the way it carried out verification checks on its clients identities. It did this as part of its due diligence requirements and its obligations under regulation specifically Know Your Customer (KYC).

On 30 June 2025, when attempting to access his account, he was asked to complete further identification checks by Coinbase. It said it was from this point, that Mr W's documentation previously supplied, needed to be updated, using its new requirements. This included Mr W providing facial recognition. Mr W said he didn't have the equipment to do this at the time and so purchased a webcam in order to complete the verification process. He was then able to access his account. When he did do this, he withdrew his funds and closed the account.

He complained to Coinbase, saying the requirement was unreasonable and that he should be reimbursed the cost of the webcam. He said it didn't treat him fairly, as had imposed unreasonable demands on him, after he had opened the account. He didn't receive a response initially from Coinbase, so referred his complaint to our service.

In October 2025, Coinbase responded and said identity verification requirements were necessary for legal and fraud prevention purposes. It said, it could see that Mr W had met its updated requirements and had sold his investments, then closed the account. It accepted that aspects of its contact with Mr W could have been better. It partially upheld Mr W's complaint but didn't offer any compensation.

An investigator looked into the complaint and didn't think Mr W's complaint should be upheld. She said Coinbase was entitled to request further verification and wasn't responsible for how Mr W chose to meet that requirement.

Mr W disagreed. He said other providers didn't require that level of verification and that Coinbase's approach created an unreasonable barrier, particularly as the requirements changed after he had already invested.

Mr W was not in agreement with the investigator's view. Because the parties are not in agreement, Mr W's complaint has been passed to me, an ombudsman, to look into.

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.

I note Mr W's account involved crypto-assets, and as such I've only considered the aspects of the complaint relating to account access and verification, which fall within my jurisdiction.

I have independently reviewed Mr W's complaint and have arrived at the same outcome as the investigator, for the same reasons.

Coinbase is required to carry out customer due diligence, to do with its regulatory obligations. This isn't a one-off exercise, and Coinbase is entitled to update its processes to reflect these requirements, that have been put in place to ensure it tackles risks such as fraud and account takeover. I think it was fair and proportionate in doing so and asking Mr W to provide additional verification here.

In this case, Coinbase introduced an additional requirement for facial recognition, as part of its verification process. I'm satisfied this is within the sort of checks firms can use to confirm identity and protect accounts. I don't consider the request itself to be unreasonable.

I appreciate Mr W's point that this requirement wasn't in place when he first verified his identity. But firms are entitled to update their procedures over time. The fact that the process changed doesn't, in itself, make it unfair.

I've thought about whether Coinbase's new requirements created an unreasonable barrier for Mr W. But I don't think it did. The requirement applied to accessing and managing the account was a security measure rather than an unreasonable obstacle preventing withdrawal. Once completed, Mr W was able to access his account.

In relation to the webcam, I don't think it's fair to hold Coinbase responsible for how Mr W chose to meet the verification requirement. The business required facial recognition, but it didn't require him to purchase specific equipment. I note that the operator said to Mr W the time that if he didn't have a camera to use, that he could find another device that did have access to a camera to proceed. But in any case, as I have concluded above, I don't think its request was unreasonable anyway, considering the reason why it was asking for it. So, I don't think it has made a mistake here, and I won't be asking it to do anything further.

I do note Coinbase accepted that aspects of its customer service fell below its usual standard. I can see that this is in relation to the time it took to respond to Mr W's complaint. On this occasion, Mr W contacted our service and then Coinbase responded, not long after. I think it could have responded sooner, and I appreciate that it has noted this in its response.

Taking everything into account, while I recognise the frustration Mr W feels, I don't think Coinbase has made any mistakes, with regards to the requirements it added. I therefore don't consider it would be fair to require it to do anything further here.

My final decision

My final decision is that I do not uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 8 May 2026.

Mark Richardson
Ombudsman