

The complaint

Mr T complains that CB Payments Ltd unfairly closed his electronic money account.

What happened

Mr T held an account with Coinbase, in which he held various cryptocurrencies. The account also had an associated electronic money account with CB Payments Ltd.

In March 2022 Coinbase wrote to Mr T to tell him that they could no longer support his Coinbase account. They said he could transfer his held balance offsite. The electronic money account with CB Payments was closed at the same time.

Unhappy with this Mr T raised a complaint with Coinbase. They responded, declining to elaborate on their reasoning. They said that since the cryptocurrency held had been transferred out, they considered the matter resolved.

Mr T then referred his complaint to our service. Our investigator explained that our service could only consider a complaint about the electronic money account held with CB Payments Ltd, as this firm was based in the UK and regulated by the Financial Conduct Authority (FCA). The cryptocurrency was held with Coinbase Europe, a separate company. The investigator didn't think CB Payments had shown that the electronic money account was closed fairly. But as the activity on the account was mostly on the cryptocurrency account, and the electronic money account had not held a balance since October 2021 they didn't think CB Payments needed to do anything further.

Mr T disagreed, saying he had shown CB Payments were withholding his funds. He said he had not used any European services and reported taxes to HMRC. As no agreement could be reached the complaint has been passed 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.

I think it would be helpful to explain in detail what our service can look in to, and how it relates to Mr T's Coinbase account. As the investigator has pointed out a Coinbase account will include the electronic money account held in the UK with CB Payments and regulated by the FCA. This account deals with "fiat" currency – so typically currencies issued and backed by a government, such as Pounds Sterling.

The cryptocurrency Mr T held with Coinbase was with a firm called Coinbase Europe who are based in Ireland. This firm is not regulated by the FCA. The distinction between these two firms and what services they provide are outlined in the terms and conditions of his Coinbase account, and not related to where he pays tax.

Under the rules our service must operate under we can only consider complaints about the actions or omissions of firms regulated by the FCA. So, for Mr T's complaint I can only

consider a complaint about actions on his CB Payments account – the electronic money account. I cannot consider a complaint about the actions of Coinbase Europe – so any dispute over the cryptocurrency, or the decision to close the cryptocurrency account, isn't something I have the legal power to consider.

With that in mind, I've gone to consider CB Payments decision to stop providing the electronic money account in March 2022. Our service can consider a complaint from Mr T about whether this was fair and reasonable.

CB Payments, like all electronic money providers, can withdraw services from consumers. They aren't obliged to provide any reasoning behind this, and generally it's their discretion whether they do so or not. But our service can consider whether the decision to close, and the manner they went about it, was fair and reasonable. The terms of the CB Payments account outline when they can suspend, terminate, or deactivate a Coinbase account with immediate effect. Having reviewed these, and the information provided by CB Payments, I'm not persuaded that any of the examples apply here.

But I also must consider that the CB Payments account did not hold any fiat currency at the time. The most recent transaction using the electronic money account was in October 2021, and it was used sparingly before then. The primary purposes of the CB Payments account is to allow funds to be added to then facilitate the purchase of cryptocurrency held with Coinbase Europe. It's not an account you'd expect someone to use for day-to-day purchases.

It seems to me that the impact to Mr T of the closure of the CB Payments account itself was minimal. As such I don't see that they need to do anything further to resolve the complaint.

I've considered what Mr T has sent us about funds being held. But these refer to various cryptocurrencies. As explained the cryptocurrency services are provided by Coinbase Europe, so this is not something I can comment on.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 8 December 2023.

Thom Bennett
Ombudsman