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Blocked at the bank: why UK banks restrict bitcoin payments, and whether it works

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Banks say blocking crypto payments protects customers from fraud. The scam-refund rules they cite often do not apply to these payments. Whether blanket restrictions are proportionate is a question banks have yet to answer.

What has been reported

On 20 October, Stand With Crypto UK published a report saying it had logged 10,092 complaints about blocked or restricted transfers to crypto platforms. Lloyds and Barclays account for the most, followed by NatWest and HSBC.

That figure needs context. Stand With Crypto UK is a campaign group backed by Coinbase, one of the world's largest crypto exchanges, and it gathered the complaints by encouraging its supporters to submit them. It is campaign data, not official figures from the Financial Ombudsman or the FCA, and it cannot show whether the problem is growing.

An industry survey points the same way. The UK Cryptoasset Business Council's *Locked Out* report, cited in June 2026, says around 40% of attempted transfers from UK banks to crypto exchanges are blocked or delayed, and that one exchange saw nearly £1 billion of transactions declined over about a year. That is the value of payments refused, not money lost by customers. The council represents crypto firms and has not published its full methodology.

Policies vary. According to Stand With Crypto UK, some banks, including Chase UK, Starling and Metro Bank, block payments to crypto platforms outright, while others, including Barclays, HSBC, NatWest and Santander, set daily or weekly limits.

The banks' case: fraud is real

Fraud on UK payments is substantial. UK Finance's 2026 Annual Fraud Report shows authorised push payment (APP) fraud losses of £576.4 million in 2025, up 19%. Investment scams were the largest category, at £221.5 million, up 40%. Many investment scams involve crypto, though UK Finance does not report crypto separately.

Since 7 October 2024, banks and other payment firms have had to reimburse eligible APP fraud victims for Faster Payments and CHAPS payments, up to £85,000, with an optional excess of up to £100 and exclusions where the customer was grossly negligent or party to the fraud. The cost is split equally between the sending and receiving firms.

The detail most reports miss

The mandatory reimbursement rules apply only where money is received in an account the victim does not control. "Control" means being able to access the account and make payments from it, not simply having one's name on it. A customer paying their own exchange account will therefore often fall outside the scheme, but not always. If a scammer opened or controls the account, the payment may still be covered, and how the rules apply to payments into exchange accounts has yet to be clearly tested.

So the common explanation, that banks restrict crypto payments because they must refund crypto scams, is at best incomplete. Much of a bank's exposure in these cases comes from wider duties: Consumer Duty, which since July 2023 has required firms to avoid foreseeable harm to customers, and the risk of complaints upheld by the Financial Ombudsman.

Those risks are real, but they are judged case by case and do not create automatic liability. That raises a fair question: is a blanket restriction a proportionate answer to risks assessed one case at a time?

The customer's case

For customers, the objection is simple. They are buying a legal asset from a registered firm, with their own money. A blanket restriction treats a business owner buying bitcoin as a long-term reserve the same way as someone being groomed by a fake "investment manager".

What may change

The FCA's new regime for cryptoasset firms comes into force on 25 October 2027. Firms have been able to apply for authorisation since 30 September 2026.

What follows is our analysis, not a legal requirement. Authorisation will not oblige banks to process every payment, and it will not remove their duty to prevent fraud. It may, however, weaken the case for treating a payment to an FCA-authorised crypto firm differently from a payment to any other authorised investment firm. Whether banks respond with more targeted checks or keep blanket rules remains to be seen.

What UK holders can do

This is general information, not advice on any particular situation.

- **Know your bank's policy.** Banks publish whether they block, limit or allow payments to crypto platforms, and the rules vary widely.
- **Ask for reasons.** If a payment is stopped, ask the bank why and what would allow it to go through.
- **Use the complaints process.** Under FCA complaint rules, a bank generally has eight weeks to send a final response. If you are unhappy with it, or none arrives, you can usually refer the complaint to the Financial Ombudsman Service, normally within six months of the final response.
- **Treat "workarounds" with suspicion.** Scammers exploit exactly this frustration. Offers to "get your money through" via an unfamiliar account, app or intermediary are a recognised warning sign.

The Alderlux view

Preventing fraud is a legitimate goal, and the losses are real. The question is not whether banks should protect customers. It is whether blanket restrictions are an effective and proportionate way to do it.

The evidence presented here is not enough to answer that either way. We do not yet know how many refused payments were legitimate, or whether restrictions have reduced fraud. Banks have not explained how they weigh one against the other.

Those are questions banks should be able to answer. UK savers deserve published and consistent policies, safeguards matched to the actual risk, and a clear explanation when a payment is refused.

Sources

- [FCA: crypto firms get guidance on how the new regime applies \(16 September 2026\)](#)
- [Payment Systems Regulator: Specific Direction 20, reimbursement requirement](#)
- [UK Finance Annual Fraud Report 2026, as reported by FinTech Futures](#)
- [UK Cryptoasset Business Council, *Locked Out*, as reported by The Block](#)
- [Stand With Crypto UK, *Blocked* report, as reported by Crypto Briefing](#)



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