

Before the Arbiter for Financial Services

Case ASF 318/2025

HG

(‘the Complainant’)

vs

Foris DAX MT Limited

(Reg. No. C88392)

(‘Foris’ or ‘the Service Provider’)

Sitting of 30 June 2026

The Arbiter,

Having seen the Complaint made against Foris DAX MT Limited relating to an error made by Complainant in sending BCH¹ 95.19276534 to his Crypto.com (brand name of Foris) BTC² deposit address.

He claims that at the time, he was not aware that sending BCH to a BTC address would cause funds to be routed incorrectly.

The Complaint³

In his complaint form dated 09 December 2025 to the Office of the Arbiter for Financial Services (‘OAFS’), the Complainant submitted that he opened various support tickets and escalated the matter through Foris internal complaints procedure, but the final response is that they cannot retrieve the funds without any justification for their decision. He complains of:

1. Lack of justification
2. Contradictory explanations

¹ BCH is Bitcoin cash a peer-to-peer electronic cash system that aims to become sound global money.

² BTC is Bitcoin the most popular digital asset.

³ P. 1 - 7 with supporting documentation on P. 8 - 14.

3. Failure to follow industry standards
4. Unfair treatment of the customer
5. Lack of transparency

As a remedy, he asks Foris to conduct a manual recovery of the lost BCH or, if not possible, to compensate him with full value of the lost BCH.

Reply

In the Reply⁴ of 20 December 2025, Foris explained that Complainant had been their customer since 31 August 2020. They inform that they already explained to Complainant that as BTC and BCH networks are fundamentally incompatible, the transfer to an incorrect address results in irreversible loss of the transferred asset.

For this purpose, they quoted section 7(c) of their terms and conditions which state:

“TOP-UPS TO DIGITAL ASSET WALLET AND DIGITAL ASSET TRANSFERS

...

(c) You also acknowledge that: (1) the transfer of any Digital Asset to an incorrect address (i.e., an address other than the correct address for your Digital Asset Wallet); or (2) the transfer of any type of Digital Asset that is not supported by the Digital Asset Wallet will result in the irreversible loss of such Digital Asset. We shall bear no liability for any such loss of Digital Assets.

...⁵

Hearings

The first hearing was held on 22 April 2026,⁶ where the Complainant largely repeated his Complaint.

The Arbiter invited Complainant to support his assertion that other regulated exchanges assist their clients with such situations by performing manual

⁴ P. 18 -20

⁵ P. 20

⁶ P. 21 - 24

recoveries. The Arbiter asked Complainant to support his assertion by documentary evidence.

The Arbiter ordered that at the next hearing the Complainant is to present evidence that it is industry practice to recover such mishaps through manual intervention⁷, charging a fee, and that the Service Provider explains why this is not so and explain if they are making any benefit from Complainant's loss.

At the second hearing on 12 May 2026, Pema Fung for the Service Provider, gave an elaborate technical explanation why Foris cannot recover the lost BCH and that this function is normally assigned to data miners who specialise in such matters, with the risk that they may recover and keep the funds. In fact, she said it is quite possible that a data miner could have already recovered the lost funds.⁸

She also rebutted that it is industry standard for regulated exchanges to perform such manual recoveries for a fee. She elaborated on the grave risks to all other funds under their control that an Exchange will expose itself to if it attempts to import the master keys into a BCH compatible wallet, even if this is not impossible.

Under cross-examination she stated:

“Asked whether it is correct to say that the BTC deposit that the Complainant made in December which resulted in BCH was controlled by Crypto.com or some wallet that was working with Crypto.com, I say, that is correct.

Asked whether it is correct to say that the BCH transaction was actually visible on the BCH blockchain, that BCH could technically be accessed from Crypto.com if the address was from that exchange, I say that we have no record of receiving the deposit into the BTC SegWit wallet because of the incompatible issue. So. this was not reflected.

It is said that this address was controlled by Crypto.com.

I say that we hold the address, but we do not control the blockchain.

⁷ P. 25 - 27

⁸ P. 29 - 33

The Complainant would like to understand whether the BCH arrived at that address or wherever it had arrived, as it is seen from the blockchain that it had moved.”⁹

The Arbiter requested Foris to submit documentary evidence that other regulated exchanges do not offer the solutions that Complainant is claiming that they do. Such evidence was submitted on 18 May 2025.¹⁰

Final Submissions

Complainant made extensive final submissions where, in essence, he argued that Foris:

- admitted that it was not technically impossible for them to attempt a manual recovery of the misdirected assets;
- have not given evidence that they did not enrich themselves by recovering the lost assets without accounting them to Complainant;
- had a fiduciary obligation through their licence to do whatever it takes to help their customers not to suffer losses, even if the loss was primarily caused by error on the part of the customer.

In their final submissions, Foris pointed out that account has to be taken of the prolonged delay between the happening of the event in November 2022 and the first report Complainant made about it to Foris in November 2025. They asserted that the loss was incurred through the Complainant’s gross negligence and that no proof was provided that the expected manual attempt to recover is a service generally offered by regulated exchanges.

They reiterated that:

12. “Although recovery in such situations is not entirely impossible, it is extremely complex and difficult. In cross-examination, the Complainant raised a question suggesting that miners might possess the ‘key’ to the BTC deposit address controlled by the Respondent (page 34 of Complaint). The Respondent clarifies that this is not correct. Miners do not have the

⁹ P. 33 - 35

¹⁰ P. 37 - 52

*Respondent's private keys or direct access to the Respondent's wallet. The Lost BCH becomes 'anyone-can-spend' on the BCH blockchain. Because BCH does not support SegWit and SegWit transactions are not recognized by BCH, these transactions are treated as non-standard, making them only accessible to miners who can include them in blocks and sweep them into their own wallet. Nonetheless, and for absolute clarity, the Respondent confirms that it did not move, use or benefit from the Complainant's Lost BCH."*¹¹

Having heard the parties

Having seen all the documents

Considers

The issue involves a highly technical matter regarding which the Arbiter has limited technical competence. However, the explanations given at the hearing stage by Foris were persuasive enough to demonstrate that it is not the case that this is a service that regulated exchanges offer regularly through manual recovery for a fee.

The Arbiter notes Foris's declaration that they did not benefit from the Complainant's loss.

Complainant has not provided evidence of his assertion that competing regulated exchanges offer such recoveries as a normal service within their competence as he suggested.

The argument that Foris admitted that it not 100% impossible to attempt a manual recovery, does not present a contractual or fiduciary obligation to make such an attempt.

The Terms of Use quoted by Foris in their Reply clearly state that such errors as committed by Complainant

"... will result in the irreversible loss of such a Digital Asset. We shall bear no liability for any such loss of Digital Assets."

¹¹ P. 66 point 12

As to the claim of having fiduciary duty to attempt such manual recovery, the Arbiter notes the explanation given by Foris;

“Now, exchanges cannot generally recover such transactions because of the high risk and complexity. Reclaiming funds from a SegWit address requires advanced technical expertise that miners have.

It involves importing master keys into a BCH compatible wallet which poses catastrophic risk to all other funds managed by the exchange if done improperly.”¹²

On a risk-based approach, Foris cannot be expected to expose themselves to grave catastrophic risk attempting to solve a client’s negligent error involving a relatively small value based on claimed fiduciary obligations, whilst ignoring the much bigger fiduciary duties to the rest of their client population.

Decision

The Arbiter is obliged by Article 19(3)(b) of CAP. 555 of the Laws of Malta to determine and adjudge a complaint by reference to what, in his opinion, is fair, equitable and reasonable in the particular circumstances and substantive merits of the case.

The Arbiter is satisfied that Foris are not refusing without good reason to assist Complainant recovering his lost funds and that they gave all the necessary details that Complainant may require to engage a miner of his trust to attempt such recovery.

For these reasons, the Complaint is hereby dismissed, and parties are to carry their own costs of these proceedings.

Alfred Mifsud
Arbiter for Financial Services

¹² P. 30

Information Note related to the Arbiter's decision

Right of Appeal

The Arbiter's Decision is legally binding on the parties, subject only to the right of an appeal regulated by article 27 of the Arbiter for Financial Services Act (Cap. 555) ('the Act') to the Court of Appeal (Inferior Jurisdiction), not later than twenty (20) days from the date of notification of the Decision or, in the event of a request for clarification or correction of the Decision requested in terms of article 26(4) of the Act, from the date of notification of such interpretation or clarification or correction as provided for under article 27(3) of the Act.

Any requests for clarification of the award or requests to correct any errors in computation or clerical or typographical or similar errors requested in terms of article 26(4) of the Act, are to be filed with the Arbiter, with a copy to the other party, within fifteen (15) days from notification of the Decision in terms of the said article.

In accordance with established practice, the Arbiter's Decision will be uploaded on the OAFS website. Personal details of the Complainant(s) will be anonymised in terms of article 11(1)(f) of the Act.