Bitcoin Loans Upheld by the British Columbia Supreme Court

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The recent judgment in **Nguyen v. Tambosso (2024 BCSC 1551)** is significant for its recognition of loans made in **cryptocurrency**, specifically **Bitcoin**, under standard legal principles of contract law. The **Supreme Court of British Columbia** unequivocally held that loans denominated in Bitcoin are enforceable and treated in the same manner as loans involving traditional forms of currency or property. This decision underscores the legal recognition of cryptocurrency in contractual arrangements.

The core issue of the case was whether a loan agreement involving **Bitcoin** could be enforced in court. The plaintiff, **Nguyen**, had loaned **22 Bitcoins** to the defendant, **Tambosso**, under two agreements. The loan was to be repaid within **48 hours**, and in the event of a successful transaction, **Tambosso** promised to pay additional compensation in Bitcoin. When the loan was not repaid as agreed, **Nguyen** sought to recover the value of the **22 Bitcoins**.

The court explicitly recognized that **Bitcoin** can be the subject of a legally binding loan agreement. **Madam Justice Fitzpatrick** emphasized that, despite Bitcoin's technical complexity, the principles of contract law still apply. As she noted, **"This case involves a modern twist, in that the 'something' said to have been loaned and which was to be repaid was cryptocurrency, namely, Bitcoin."** This statement confirmed the court's view that **cryptocurrency** is not beyond the scope of enforceable legal agreements.

Tambosso's defense centered on arguments that no binding contract had been formed and that the failure of the speculative **Bypass Procedure** absolved him of the obligation to return the Bitcoin. The court rejected both arguments. On the issue of contract formation, **Tambosso** claimed that minor changes to the contract were not signed by **Nguyen**, which he argued should invalidate the agreement. The court dismissed this, stating, **"The two deletions in the First Contract only refer to minor matters and do not alter the substance of it."**

More importantly, the court held that **Tambosso** was obligated to repay the **22 Bitcoins**, regardless of the outcome of the **Bypass Procedure**. The contracts clearly placed the risk of failure on **Tambosso**, and the court emphasized that **"There is no merit in Mr. Tambosso's suggestion that repayment to Mr. Nguyen of any Bitcoin was subject to the Bypass Procedure being successful."** By agreeing to the contract, **Tambosso** assumed the risk that the **Bypass Procedure** could fail, but his obligation to repay the loaned **22 Bitcoins** remained intact.

The judgment is critical for its clear and unambiguous recognition of **cryptocurrency loans** as valid and enforceable under the law. The court treated **Bitcoin** as a form of property or currency, applying standard contractual principles to the dispute. It concluded that **Bitcoin**, despite its fluctuating value and decentralized nature, does not fall outside the scope of enforceable legal obligations. In fact, the court calculated the value of the **22 Bitcoins** as of the date of the breach, determining the total damages at over **$1.24 million CAD**, reflecting the price of Bitcoin at the time.

This case serves as a pivotal moment in acknowledging **cryptocurrency** within the legal framework of contracts. It confirms that loans made in **Bitcoin** are subject to the same legal scrutiny and obligations as any other loan.

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