

Insights

CLAIMS BY INVESTORS TO RECOVER £3.8BN OF BITCOIN HELD BY THE METROPOLITAN POLICE ARE GOVERNED BY CHINESE LAW

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Summary

Chinese investors who fell victim to a high-profile Ponzi scheme have been attempting to recover over £3.8 billion of Bitcoin currently held by the Metropolitan Police. The investors asserted an English law proprietary interest over the Bitcoin in [Director of Public Prosecutions v Qian & Anor \[2026\] EWHC 2509 \(KB\)](#). However, the English High Court found that any such proprietary claims are governed by Chinese law, demonstrating the limits to the English Courts' developing arsenal of remedies to assist victims of fraud.

Background

Between 2014 and 2017, Zhimin Qian designed and orchestrated a Ponzi scheme which defrauded more than 128,000 Chinese investors. Relying on fraudulent misrepresentations, investors made payments in China via debit and credit cards, cash, and bank transfers from Chinese bank accounts. Some investors entered into written contracts (some of which contained dispute resolution clauses referring to Chinese courts and/or Chinese governing law clauses). Funds received from the investors totalled some £4.1 billion. Some of these funds were used to repay investors, and some were converted, in China, into Chinese real estate and Bitcoin.

Ms Qian fled China in mid-2017 and arrived in London in September 2017. She and her associate began to convert some of the Bitcoin into other assets (including cash, jewellery, investments and other cryptocurrency) and were in the process of attempting to purchase multi-million pound properties in London.

In November 2018, the Metropolitan Police searched Ms Qian's property and seized several devices used to access the Bitcoin (some of which had been brought to England from China), the "keys" to access some of the Bitcoin, and other assets. Additional assets were seized when Ms Qian was

arrested in April 2024. In total, the Metropolitan Police seized more than 61,000 Bitcoin, currently valued at over £3.8 billion.

In 2025, Ms Qian was sentenced to 11 years imprisonment in the UK.

Investors' Application

Some of the Chinese investors are attempting to recover the Bitcoin currently being held by the Metropolitan Police, and have made a number of claims in an attempt to establish an English law proprietary interest over the Bitcoin.

These include claims that (i) the investors have elected to rescind the investment contracts into which they entered, meaning that the Bitcoin were being held on constructive trust and they are entitled to trace that interest, (ii) the Bitcoin were being held on constructive trust on the basis that the investment contracts were instruments of fraud and they are entitled to trace that interest, and (iii) the Bitcoin are being held in England and English law would regard the obligations of the fraudsters (arising from contract, restitution or otherwise, and to the extent governed by the law of another jurisdiction) as giving rise to a proprietary interest.

The investors asserted that their claims were proprietary claims relating to Bitcoin situated in England, and therefore English law was the applicable law in respect of their claims. The investors suggested that their proprietary claims did not fall within Rome I (which governs conflict of law matters in relation to contractual obligations) or Rome II (which governs conflict of law matters in relation to non-contractual obligations), and they should be entitled to English law equitable remedies in tracing and recovering their investments.

Court Analysis

Rome I

The Court conducted a thorough analysis of the issues and found that these fell “*squarely within the scope of Rome I*” because they concerned the effect of contractual obligations – for example, whether the investors retained proprietary rights in their investment monies, and how those rights are affected by questions of the potential illegality of the contracts.

Further, the Court did not consider that there was a sufficient English law proprietary element to the claim to rule out Rome I. The claim did not relate to English “immovables” (i.e. real estate) or to shares in an English company, and the fact that the Bitcoin were being held in England was not sufficient.

Under Rome I the governing law of the relevant contracts was Chinese law. The Court emphasised that a tracing process “*can only be deployed in English law in circumstances where under Chinese*

law such property rights had survived the acquisition of the Bitcoin before control of it moved to England”.

Rome II

If, contrary to the Court’s conclusions above, it was found that the fraudulent inducements rather than the resulting contractual relationship provided the proper characterisation of the claim, the Court would need to consider the application of Rome II.

Under Rome II Article 4, the law applicable to a non-contractual obligation arising out of a tort is the law of the country in which the damage occurs. The Court found that *“the relevant damage occurred in China. The Applicants parted with their money in China. The alleged fraudulent representations were made in China. The contractual relationships thereby induced were entered into in China. The immediate economic consequences of the alleged wrongdoing were likewise suffered in China”*, concluding that the applicable law would therefore be Chinese law.

Common law

The investors argued that, even if Chinese law governs the underlying obligations arising from contract, the fraud or unjust enrichment, English law as the law of the place where the Bitcoin were situated should nevertheless recognise those obligations as giving rise to a proprietary constructive trust capable of supporting equitable tracing into the Bitcoin.

The Court distinguished between (i) the location of the property at the time when any proprietary rights are said to arise from the original dealings between the investors and the fraudsters, and (ii) the location of the property at some later stage. The Court found that those original dealings were *“overwhelmingly centred in China”*, and the proprietary questions are therefore most closely connected with China.

The Court found that the investors’ arguments sought to *“re-characterise rights arising under the applicable foreign law by the application of English equitable concepts”*. The Rome Regulations *“require the court to apply the substantive law identified by their provisions. They do not permit the court to supplement that law by importing additional proprietary consequences derived from English law.”*

Conclusion

If the investors wish to instigate a tracing process through the English Court, they will need to establish their proprietary rights to the Bitcoin under Chinese law.

Commentary

Whilst the English Courts have been flexible in their approach to assisting victims of cryptocurrency frauds, there are limits to how far they can go. If the victims of this fraud had been domiciled in England and the cryptocurrency assets located in another jurisdiction, the English Courts may have been able to deploy their developing arsenal of remedies to assist recovery. Victims of a fraud perpetrated in another jurisdiction, who are themselves domiciled in another jurisdiction, are likely to have to jump through several more hoops before coming to the English Courts for assistance.

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Meet the team



Georgia Henderson-Cleland

Partner, London

georgia.henderson-cleland@bclplaw.com
[+44 \(0\) 20 3400 3714](tel:+442034003714)

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