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The crypto inheritance black hole

A REPORT BY COINCOVER

The crypto inheritance black hole

HOW MUCH CRYPTO COULD BE LOST FOREVER DUE TO INHERITANCE FAILURES?

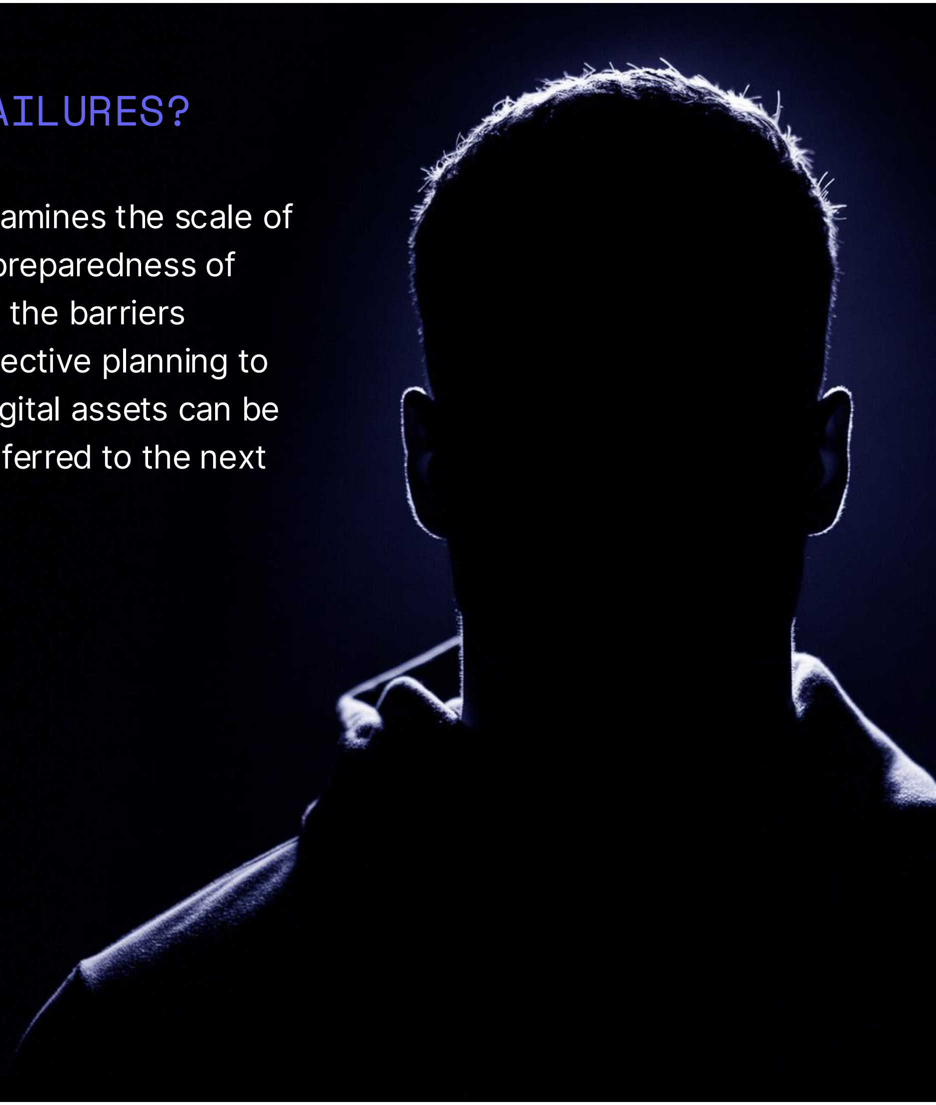
An estimated $5.4 billion worth of cryptocurrency held by self-custodied UK investors could be at risk of becoming inaccessible to their next of kin due to estate planning gaps, absent access arrangements and insufficient awareness and information.

To better understand the scale of this challenge, CoinCover, a provider of digital asset protection services, commissioned Censuswide to survey UK cryptocurrency investors holding at least $10,000 in digital assets, with assets held in self-custody.

The research explores a growing but often overlooked issue within digital asset ownership: how cryptocurrency can successfully be passed on when its owner dies. While self-custody gives investors direct control over their assets, it also places responsibility for estate planning and beneficiary access entirely in their hands.

As crypto becomes an increasingly important component of personal wealth, a failure to account for self-custodied digital assets in estate planning has the potential to create substantial financial losses for next of kin.

This report examines the scale of that risk, the preparedness of investors, and the barriers preventing effective planning to ensure that digital assets can be securely transferred to the next generation.



DISCLAIMER: All figures derived directly from our survey responses. No external market data has been used.

Key findings

BASED ON FINDINGS FROM A NATIONALLY REPRESENTATIVE SURVEY OF 2,000 UK SELF-CUSTODIED CRYPTO HOLDERS WITH HOLDINGS EXCEEDING $10,000.

$5.4BN of crypto at risk of permanent loss from inheritance failures

72% have experienced or witnessed a crypto access close call

52% lack crypto inheritance estate plans

78% want a crypto inheritance solution

01 Methodology

The survey design

QUALIFYING CRITERIA

The survey described in this report was conducted among 2,000 UK adults between the ages of 35-50 who

(a) own cryptocurrency;

(b) hold $10,000 or more in crypto assets;

(c) use at least one self-custody method, and;

(d) have a measurable proportion of their holdings in self-custody wallets.

Based on findings from a survey of 2,000 UK self-custodied crypto holders with holdings exceeding $10,000.

The survey population represents a financially significant segment of the UK crypto market. Respondents are not casual participants or first-time investors.

They are individuals who have accumulated meaningful digital asset holdings and have made deliberate decisions to retain direct control over at least some of those assets through self-custody.

As such, they are likely to be among the most engaged and security-conscious participants in the crypto ecosystem.

Survey design

Online quantitative survey, 8–10 minutes in length.

Designed to measure estate planning behaviour and barriers to action among a high-value self-custodied crypto audience.

BACKGROUND

2,000

individuals surveyed as part of our report

$10,000

of surveyed respondents had crypto holdings exceeding 10,000 dollars.

02 The scale of UK crypto wealth

Q1. Roughly what share of your total investable assets does crypto represent?

CRYPTO'S SHARE OF WEALTH

Key finding

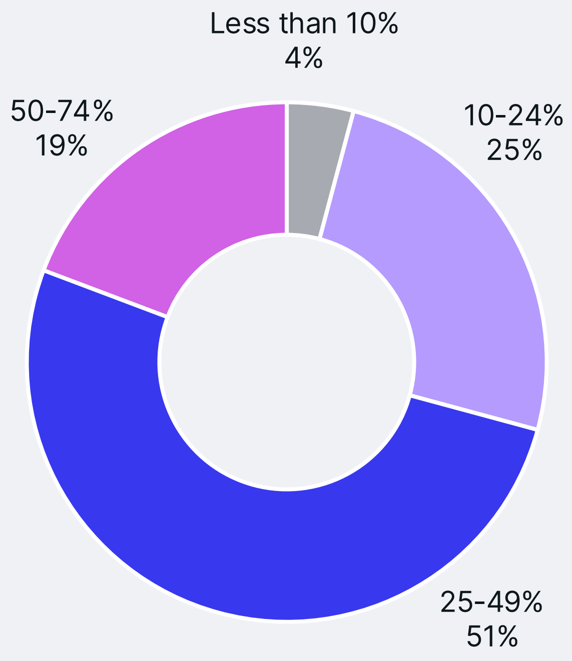
Over half (51%) of respondents reported that cryptocurrency represents between 25% and 49% of their total investable assets, while a further 19% reported that crypto accounts for between 50% and 74% of their portfolio. Only 4% indicated that crypto represents less than 10% of their investable assets.

Analysis

These findings suggest that cryptocurrency has evolved beyond a speculative allocation for many digital asset investors and now represents a meaningful component of household portfolios.

The concentration of wealth in crypto appears particularly pronounced among respondents with larger holdings and those with a higher proportion of self-custodied assets.

The consequences of loss of access increase as crypto becomes a larger proportion of total wealth. Assets that may once have represented a relatively small allocation now constitute a material component of many investors' estates.



Q2. How much, if at all, would you say your crypto has increased as a percentage of your total assets in the last decade?

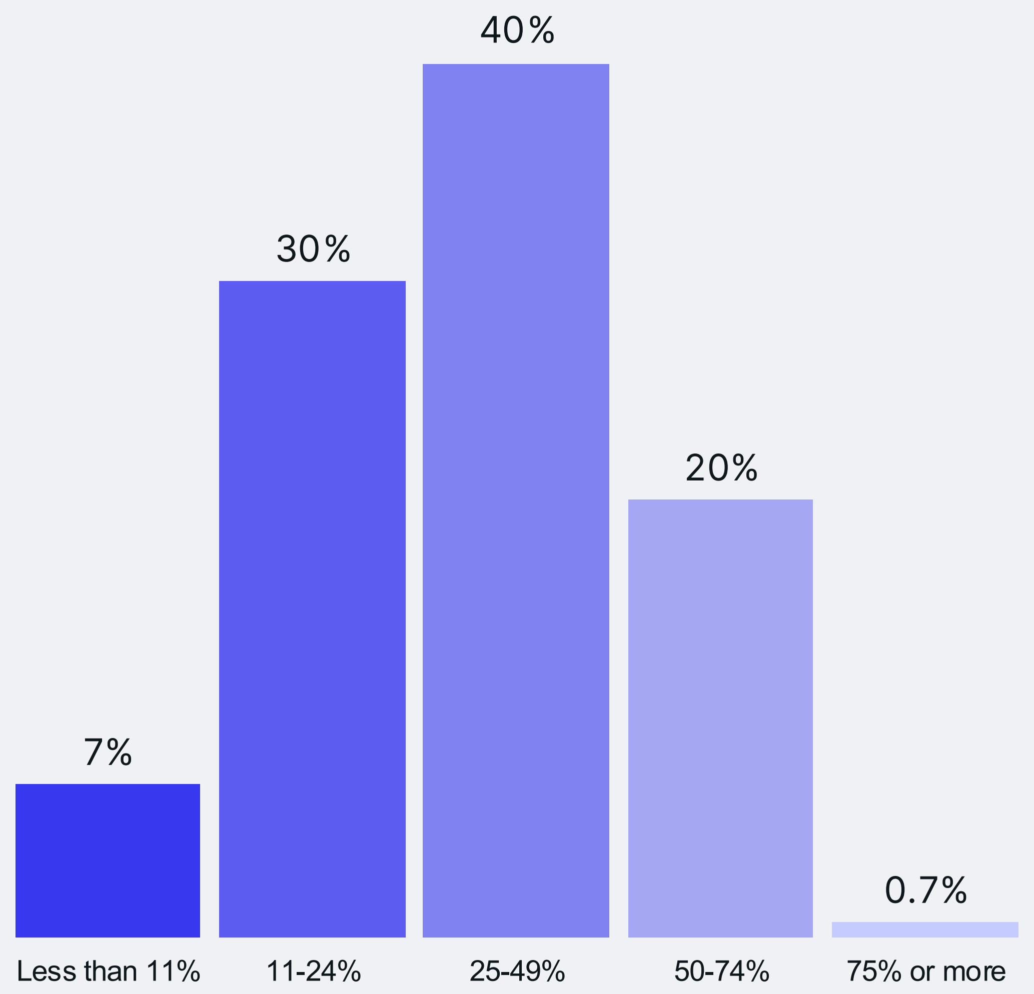
SHARE OF TOTAL ASSETS

Key finding

Two in five respondents (40%) reported that cryptocurrency has increased by between 25% and 49% as a proportion of total assets over the last decade. A further 30% reported an increase of between 11% and 24%.

Analysis

The findings indicate that crypto's importance within investor portfolios has materially increased over time. Respondents with larger crypto holdings reported the greatest proportional increases, indicating that wealth concentration continues to intensify among committed crypto investors.



03 The access gap

Q3. If you died tomorrow, who (if anyone) would know you hold cryptocurrency?

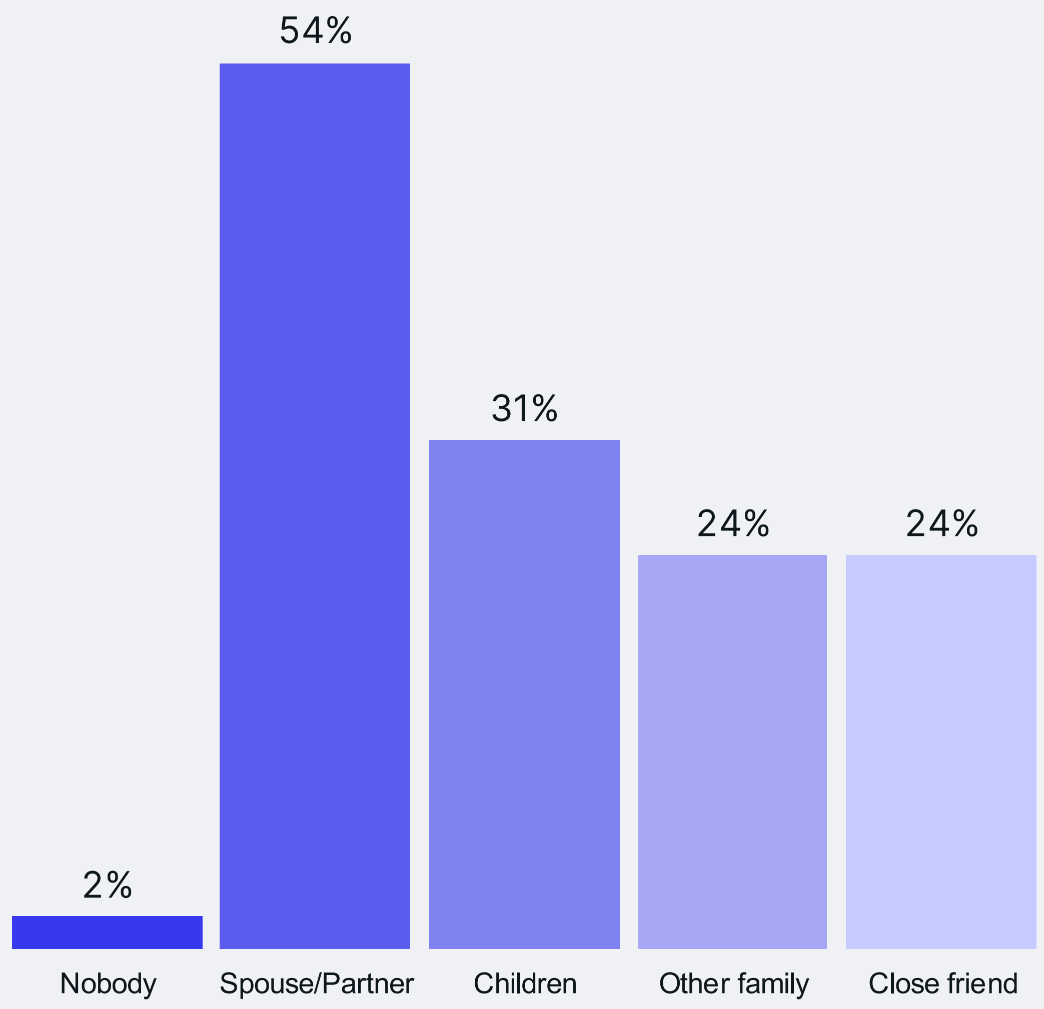
CRYPTO OWNERSHIP DISCLOSURE

Key finding

Only 2% of respondents reported nobody would know they held cryptocurrency. Among those who disclosed holdings, spouses or partners (54%) and children (31%) were most frequently cited.

Analysis

The findings challenge the perception that self-custody crypto ownership is predominantly secretive. Most respondents appear to have informed at least one trusted individual of the existence of their holdings.



Q4. If you died unexpectedly, what do you think would happen to your cryptocurrency?

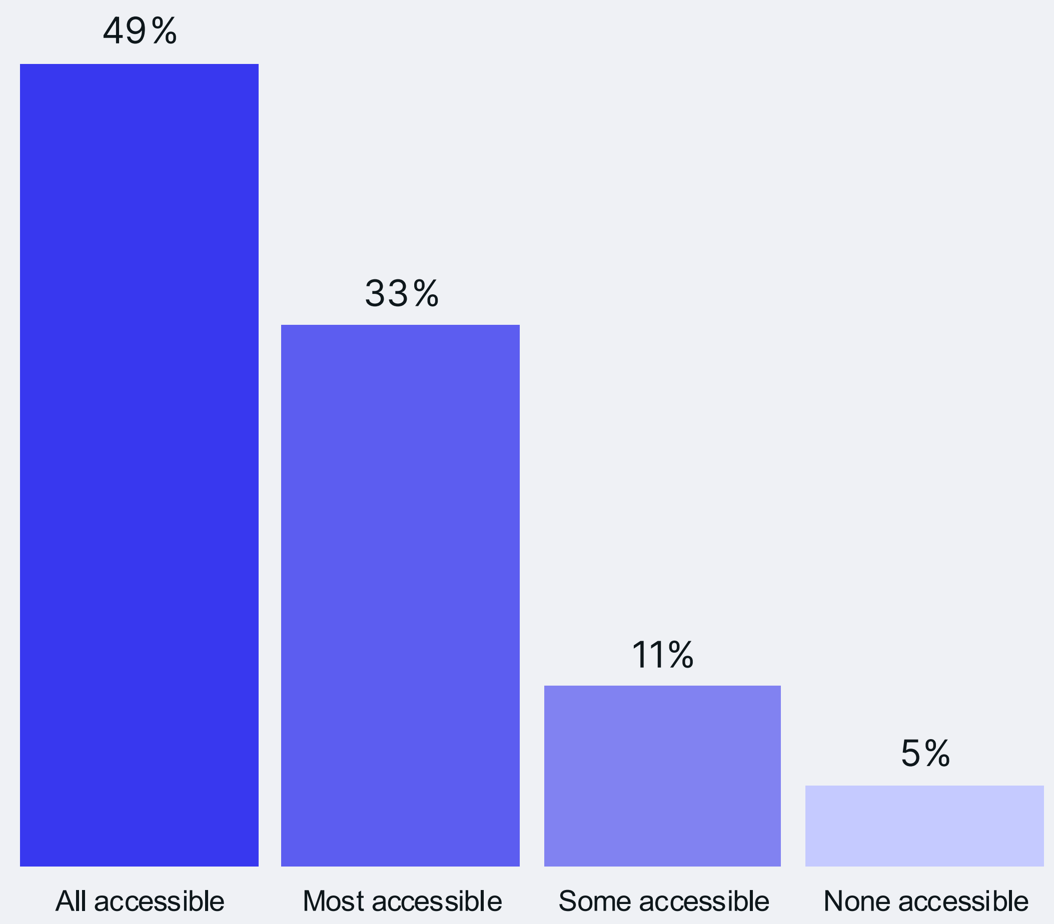
BENEFICIARY ACCESS CONFIDENCE

Key finding

Almost half (49%) of respondents believed their next of kin could access all their cryptocurrency, while a further 33% believed most holdings would be accessible.

Analysis

While confidence levels appear relatively high, these findings reflect perceived accessibility rather than verified recoverability. Respondents may be assessing their arrangements based on intent rather than tested outcome.



Q5. If something happened to you, could your next of kin locate the information needed to access your self-custody crypto?

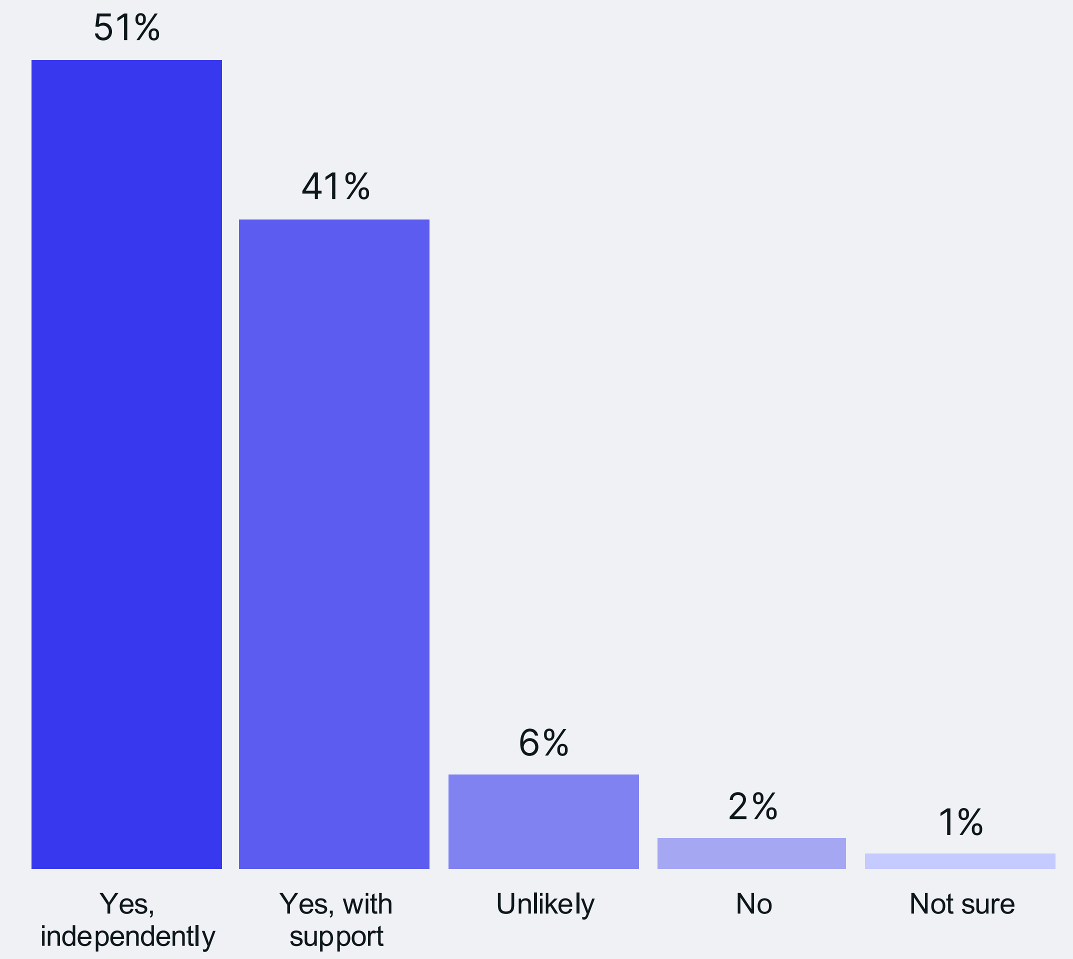
NEXT OF KIN ABILITY TO LOCATE ACCESS INFO

Key finding

Just over half (51%) of respondents believed beneficiaries could locate access information without assistance. A further 41% believed beneficiaries would require support to use the information successfully.

Analysis

The distinction between locating information and using information is particularly important in self-custody environments. Access to a seed phrase or wallet does not necessarily equate to successful recovery of assets.



Q6. Thinking realistically, how much of your crypto could become inaccessible if you died unexpectedly?

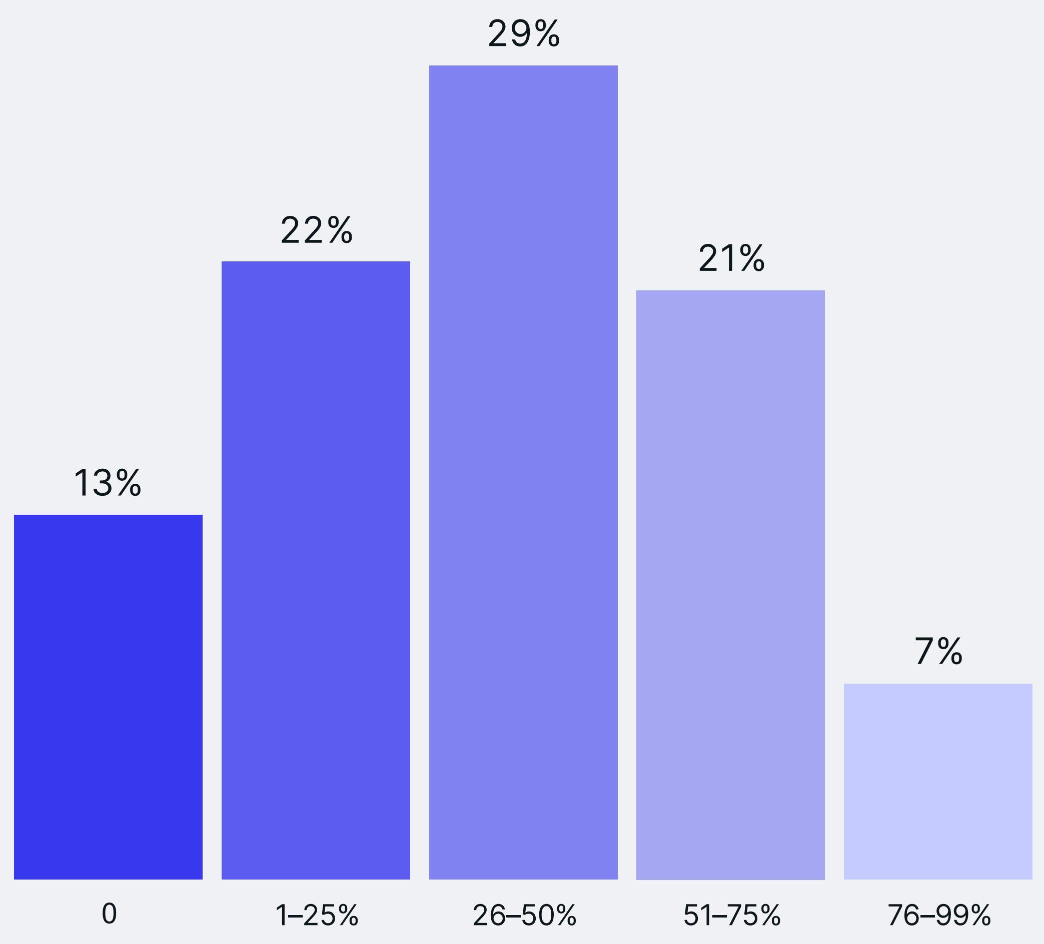
INACCESSIBILITY RISK

Key finding

Respondents estimated that on average 38% of their crypto holdings could become inaccessible following an unexpected death. Nearly one-third (32%) believed at least half their holdings would be inaccessible.

Analysis

This finding represents one of the most direct indicators of perceived risk within the survey. Unlike industry estimates derived from dormant wallets or blockchain activity, these figures reflect investors' own assessment of vulnerability.




04 The planning void

Q7. What, if anything, best describes your current inheritance planning?

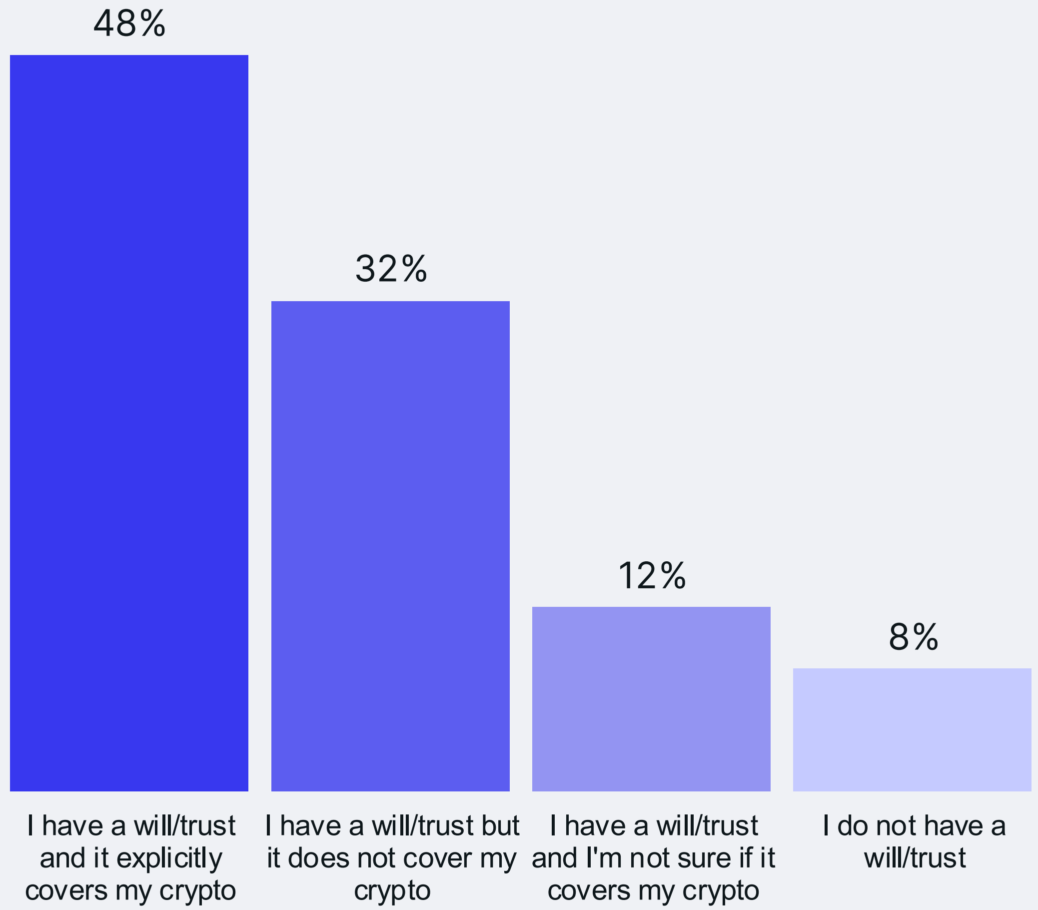
ESTATE PLANNING COVERAGE

Key finding

More than half (52%) of respondents reported that cryptocurrency was not clearly included within their estate planning arrangements.

Analysis

The findings suggest that many investors have engaged with estate planning in a general sense but have not necessarily extended those arrangements to digital assets.



Q8. Do you have a workable way for beneficiaries to access your self-custody crypto?

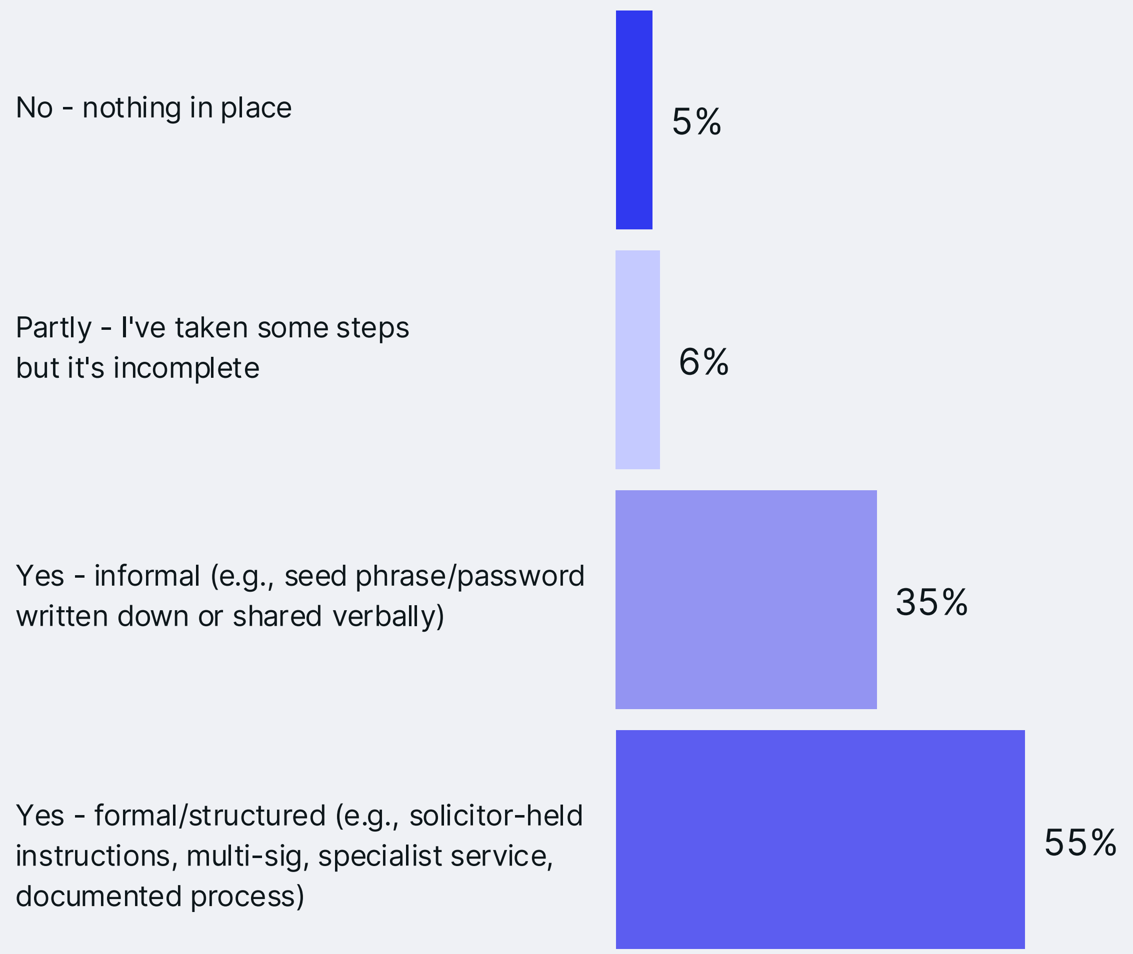
ACCESS ARRANGEMENTS

Key finding

While 90% of respondents reported some form of beneficiary access arrangement, only 55% described their arrangements as formal or structured.

Analysis

The findings indicate that many respondents distinguish between having a plan and having a formal process. Informal arrangements may enable access but may also introduce operational and legal risks.



Q9. Where, if anywhere, is the critical recovery information required to access your crypto stored today?

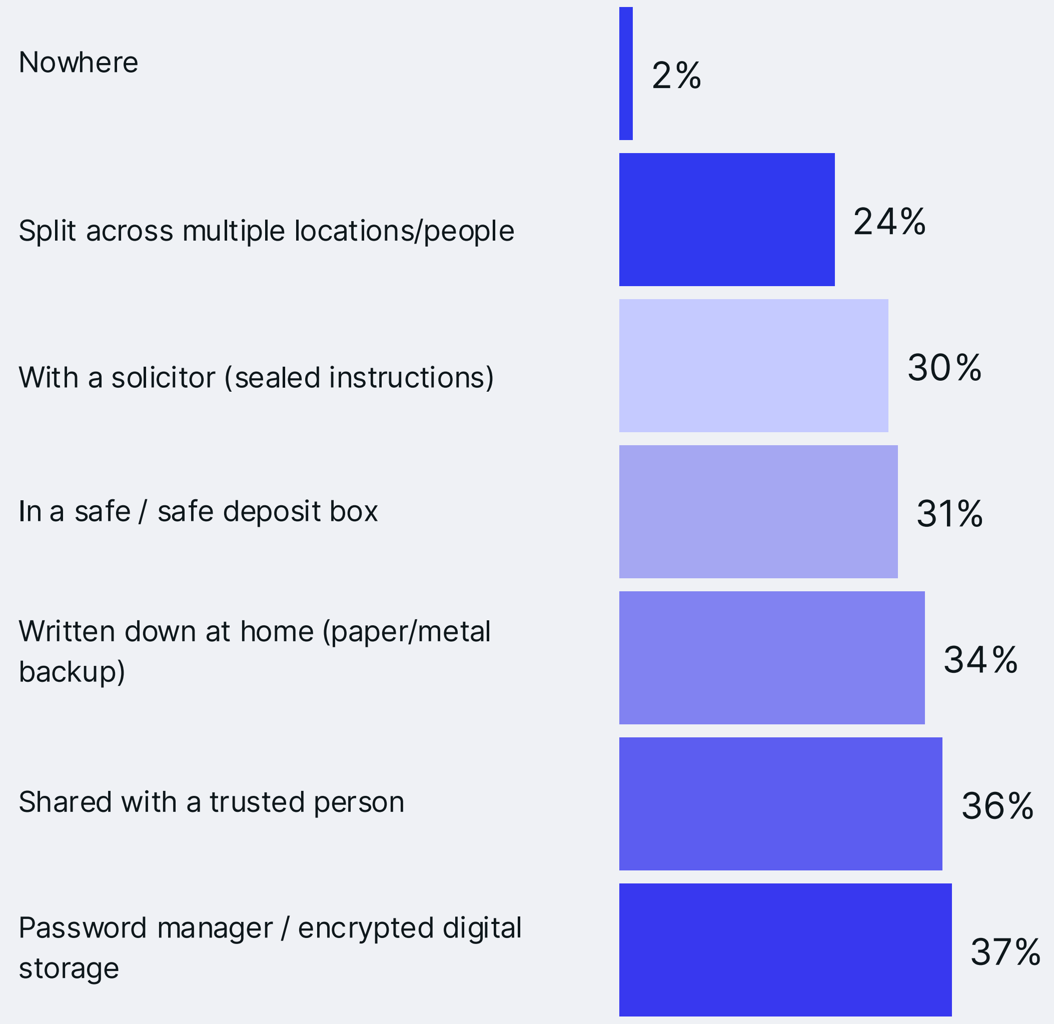
RECOVERY INFORMATION STORAGE

Key finding

Password managers (37%), trusted individuals (36%), and written records stored at home (34%) were the most cited storage locations for access information.

Analysis

The findings illustrate the diversity of approaches used to manage access information. While redundancy may strengthen security, multiple storage locations can increase complexity for executors of an estate attempting to reconstruct access.



Q10. When, if at all, did you last review or test that your recovery/inheritance setup would work?

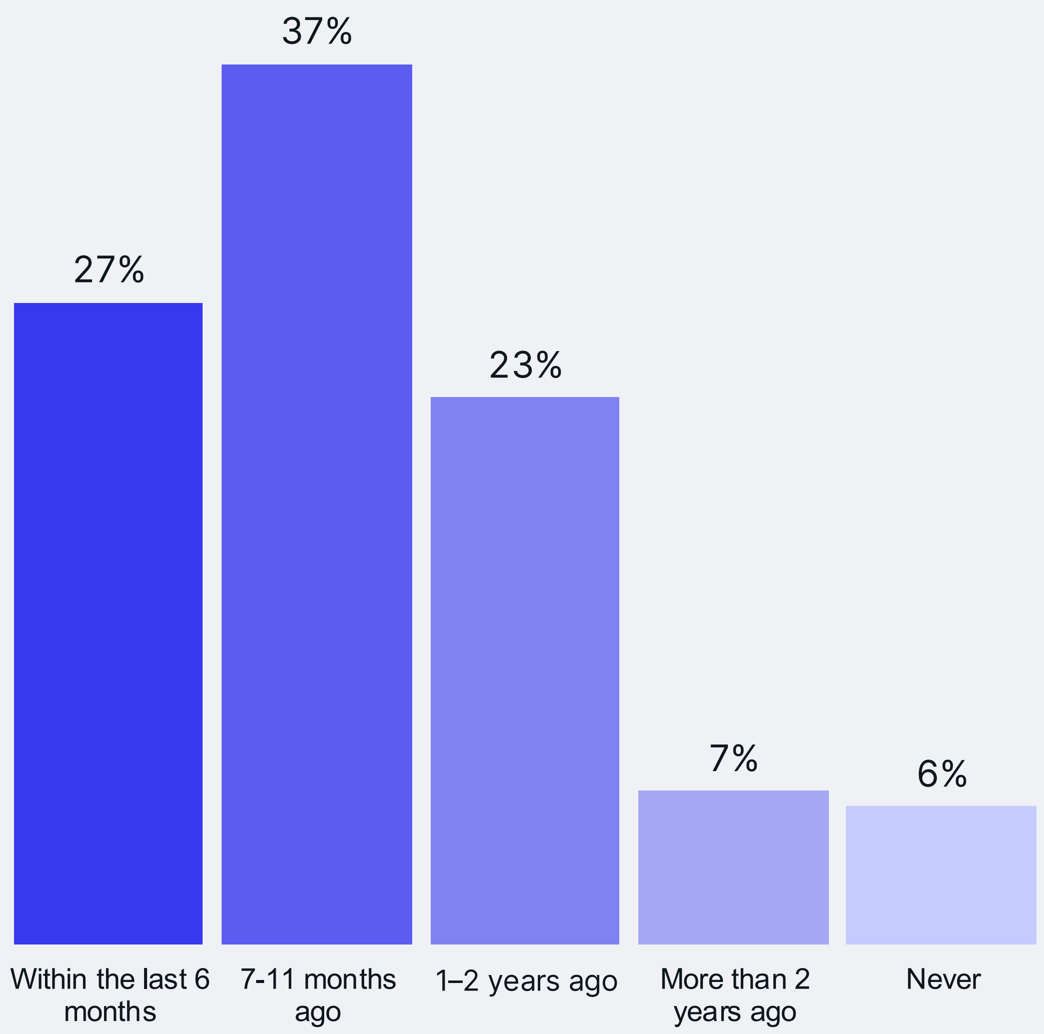
TESTING FREQUENCY

Key finding

Respondents reported reviewing or testing their arrangements an average of 11 months ago, while 6% reported never having tested them.

Analysis

Testing is often overlooked within estate planning discussions, yet it is particularly important within rapidly evolving digital asset environments.



05 Near-misses and real losses

Q11. Have you ever had a 'close call' where you (or someone close to you) nearly lost access to crypto?

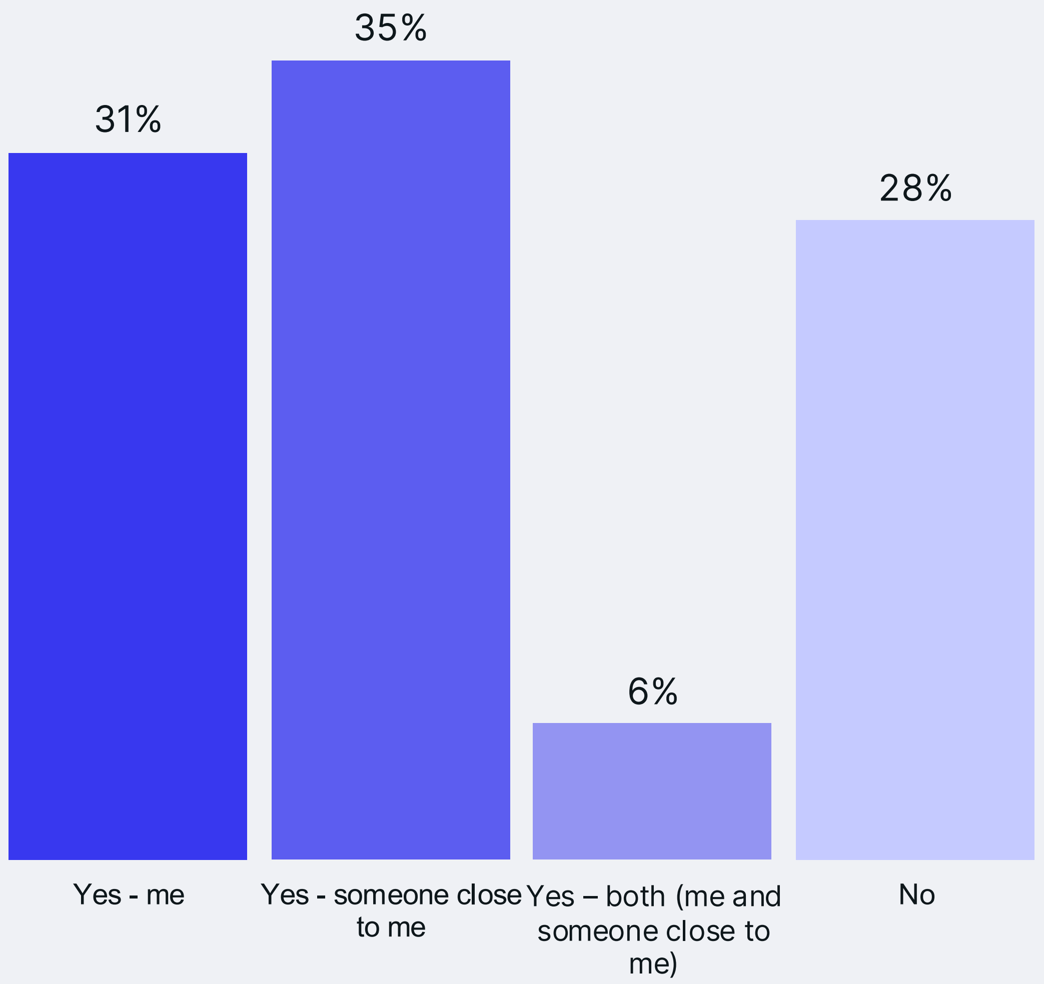
CLOSE CALLS

Key finding

Almost three-quarters (72%) of respondents reported either experiencing or witnessing a crypto access-related close call.

Analysis

The prevalence of near-loss events suggests that access management remains a persistent challenge, even among experienced crypto holders.



Q12. Do you personally know of any cases where someone died, and their family could not access their crypto?

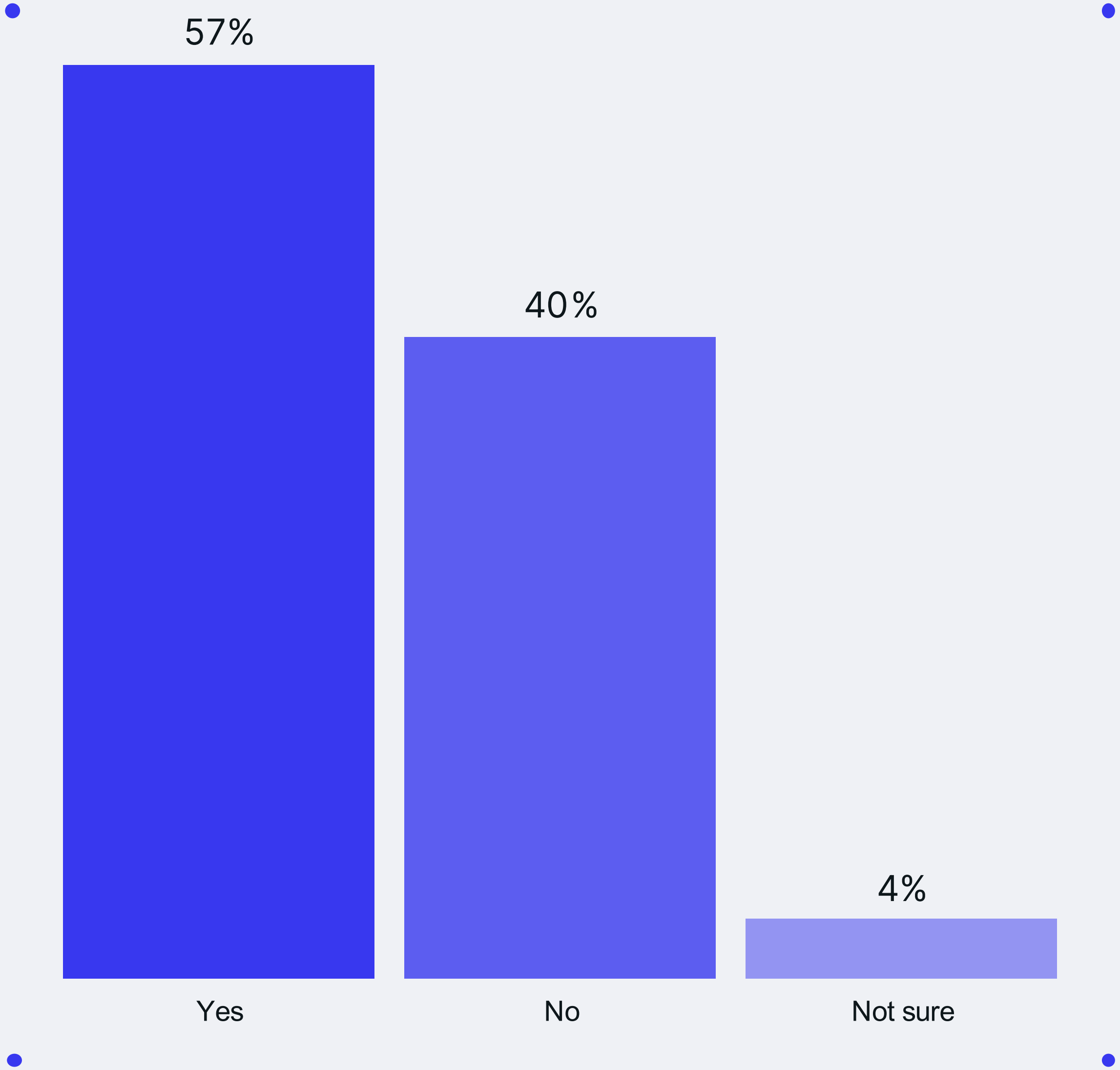
REPORTED INHERITANCE LOSSES

Key finding

Almost three in five respondents (57%) reported knowing of a case where a family was unable to access crypto following a holder's death.

Analysis

This finding suggests that inheritance-related crypto loss is not a hypothetical risk. Rather, many respondents have encountered examples within their own networks.



06 Why nothing gets done

Q13. What, if anything, are the main reasons you have not fully planned for crypto inheritance?

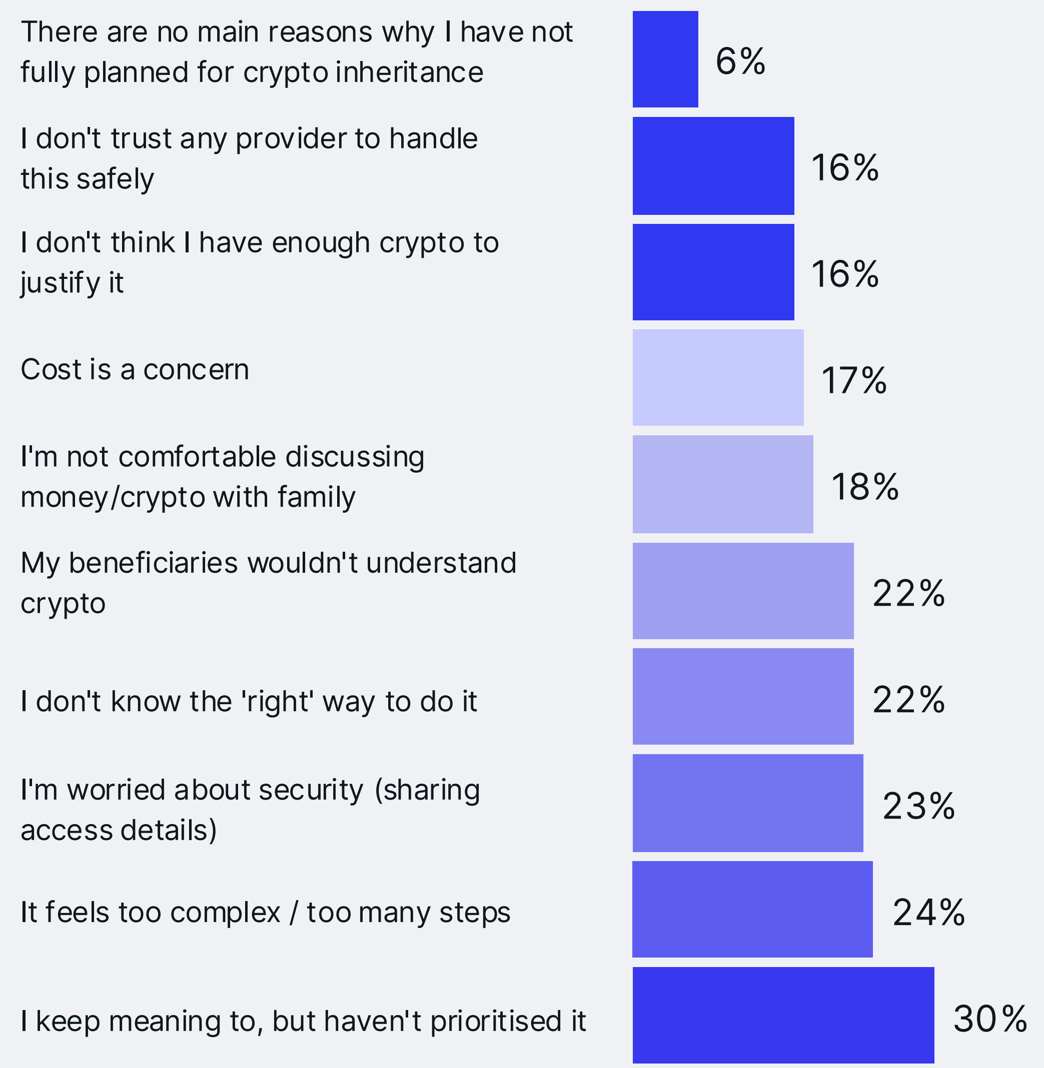
KEY BARRIERS TO PLANNING

Key finding

The most frequently cited barriers were lack of other priorities (30%), complexity (24%), security concerns (23%), and uncertainty regarding the correct approach (22%).

Analysis

The findings suggest that behavioural and practical barriers are more significant than financial barriers in setting up estate planning arrangements for self-custodied crypto. Cost concerns ranked below barriers relating to complexity, trust and confidence.



Q14. What, if anything, would most likely prompt you to put a workable crypto inheritance plan in place?

KEY MOTIVATORS TO ACT

Key finding

The strongest motivators were material increases in crypto value (28%), availability of a trusted service (27%), and major life events or family responsibilities (47%).

Analysis

The findings suggest that estate planning is often reactive rather than proactive. Investors appear more likely to act when triggered by changes in personal circumstances or portfolio value.

07 Research conclusion

The crypto black hole

THE SCALE OF INACCESSIBILITY

Its scale — conservatively estimated at £5.4 billion in digital assets at material risk of becoming permanently inaccessible in the UK – is, in CoinCover's view, one of the largest hidden wealth destruction risks in UK personal finance.

LACK OF ESTATE PLANNING

This report shows that even though crypto holdings are an increasingly significant component of UK investors' portfolio, and that sizable sums are self-custodied, nonetheless there is a systemic and quantifiable failure to adequately plan for how these holdings will be able to be accessed by investors' next of kin.

While most respondents report having taken at least some steps to prepare, formal estate planning arrangements have not kept pace with the growth and increasing importance of digital assets within personal wealth portfolios.

THIS REPORT HAS EXAMINED THE SCALE OF THAT RISK, THE PREPAREDNESS OF INVESTORS, AND THE BARRIERS PREVENTING EFFECTIVE PLANNING.

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CoinCover

CoinCover is a leading provider of digital asset protection, ensuring businesses and investors can operate securely without risk of theft, loss, or human error.

By combining advanced security technology with proactive fraud prevention, CoinCover eliminates the biggest barrier to mainstream digital asset adoption: trust.

Censuswide specialises in robust, high-quality market research for the global communications industry. Offering both quantitative and qualitative methodology, our quick-turnaround surveys deliver accurate results trusted by media.

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