Court awards man RM700,000 for money stolen from crypto-wallet provider

In a legal first, the judge says crypto provider Luno is liable for safeguarding Yew See Tak's money.

V Anbalagan - 31 Oct 2023, 9:45pm

Judge Sazlina Safie said the businessman had proven his claim against Luno Malaysia Sdn Bhd on the balance of probabilities. (Luno pic)

PETALING JAYA: The sessions court here today awarded a businessman RM700,000 in damages in a negligence suit filed against a crypto e-wallet provider recognised by the Securities Commission (SC).

In what is believed to be the first decision of its kind against a cryptocurrency platform in Malaysia, judge Sazlina Safie said Yew See Tak had proven his claim against Luno Malaysia Sdn Bhd on a balance of probabilities.

In her ruling delivered online, she ordered the defendant to compensate Yew with RM598,000, the sum withdrawn by an unknown hacker from his account.

Yew, 49, was awarded an additional RM100,000 in exemplary damages.

On Aug 28, 2021, Yew filed the suit against Luno for failing to safeguard his cryptocurrency, kept in his Luno account.

In his statement of claim, Yew said Luno was authorised by the SC to offer this crypto service and had been doing so since July 29, 2019.

He said he was registered as a customer to buy, sell and exchange cryptocurrency through the defendant.

On March 6, 2021, money kept in the account was transferred out in three tranches by an unidentified hacker.

He said the defendant had a duty to take care of the funds based on its business expertise.

Yew said he filed a complaint with the defendant's customer service department after discovering the losses and sent a letter of demand, but did not receive a positive response.

Luno – represented by Faisal Moideen, Maximilian Tai and Clarence Tang – denied the claims.

Meanwhile, Ong Yu Jian, one of the lawyers representing Yew, said today's decision sends a clear message that cryptocurrency platforms can be held liable for third-party hacking of customer accounts.

"It is a very encouraging development in cryptocurrency law.

"Hopefully, this leads to cryptocurrency platforms being much safer to use in the eyes of the public," he added.

Yew was also represented by Joshua Ho and Hanani Azamuddin.

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