KEY

THE BEGINNER'S PACK

Bitcoin, properly explained.

Everything a UK beginner needs to know before buying their first bitcoin - and how to hold it safely.

INSIDE THIS PACK

What you'll learn

This pack takes you from knowing nothing about bitcoin to understanding exactly what it is, how to buy it in the UK, and - most importantly - how to hold it so that nobody can lose it for you. Read it once before your session and you'll be ahead of most people who own bitcoin.

A note on what this is

This pack is education, not advice. It will never tell you whether to buy bitcoin, how much to buy, or when. Those decisions are yours alone. What it will do is make sure that whatever you decide, you do it safely and with your eyes open.

CHAPTER ONE

What bitcoin actually is

Bitcoin is money that works like email. Anyone can send it directly to anyone else, anywhere in the world, without asking a bank for permission and without a company sitting in the middle deciding whether the payment is allowed.

It was created in 2009 by an anonymous developer using the name Satoshi Nakamoto, who published the design publicly and then disappeared. Nobody owns bitcoin as a company. There is no head office, no chief executive, and no customer service department. It is run by thousands of independent computers around the world that all follow the same set of rules.

Every computer on the network keeps the same copy of the ledger

Why that design matters

Because no single organisation controls the network, no single organisation can inflate the supply, freeze your holdings, or reverse your transactions. That is bitcoin's central promise, and it is also the source of its central responsibility: if you hold bitcoin properly, you are your own bank. There is no branch to call if you lose your keys, which is precisely why the rest of this pack spends so much time on how to store it.

You don't need to buy a whole one

A common misconception is that you must buy an entire bitcoin. You don't. Each bitcoin divides into 100 million units called satoshis, or sats for short. Buying £20 of bitcoin is completely normal, and every UK exchange supports it.

CHAPTER TWO

How it works, without the jargon

You do not need to understand the technology to use bitcoin safely, any more than you need to understand banking software to use a debit card. But a rough mental model helps you spot nonsense when you hear it.

The ledger

Bitcoin is really just a shared list of every transaction ever made, called the blockchain. Every computer on the network keeps its own copy. When you send bitcoin, your transaction is broadcast to the network, checked against the rules, and added to the list. Because everyone holds a copy, no one can quietly edit history.

Mining and confirmations

Roughly every ten minutes, transactions are bundled into a block and added to the chain. The computers that do this work are called miners, and they compete to solve a difficult mathematical puzzle. The winner adds the next block and receives newly created bitcoin as a reward. This is how new coins enter circulation, and it is why the process is called mining.

When people say a payment has one confirmation, they mean it has been included in one block. Most exchanges wait for a few confirmations before treating a deposit as final, which is why a transfer can take twenty minutes to an hour rather than being instant.

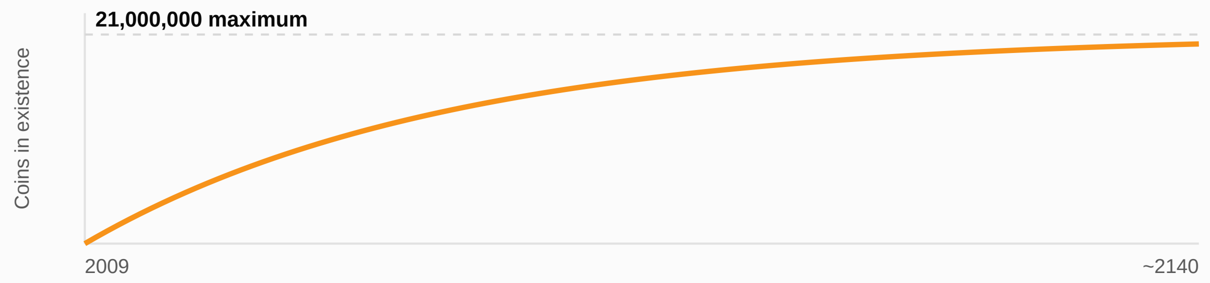
Addresses and keys

An address is like an account number: a long string of letters and numbers you give someone so they can pay you. It is safe to share. The private key is the secret that lets you spend from that address. It must never be shared with anyone, ever. Your wallet app creates and manages both for you.

CHAPTER THREE

Why 21 million matters

There will only ever be 21 million bitcoin. This limit is written into the software that every computer on the network runs, and changing it would require essentially everyone to agree - which, given that it would devalue their own holdings, is not going to happen.



The halving

The reward miners receive for each block halves roughly every four years, an event known as the halving. It started at 50 bitcoin per block in 2009 and has fallen repeatedly since. This is why the supply curve flattens out: issuance slows steadily until the last fraction of a coin is mined around the year 2140.

What it does and doesn't mean

A fixed supply means bitcoin cannot be printed into existence the way pounds can. Supporters argue this makes it a hedge against currency debasement over long periods. It is important to be clear-eyed, though: scarcity does not guarantee a rising price. Bitcoin's price is set purely by what people are willing to pay, and it has repeatedly fallen by more than 70 per cent from its highs before recovering.

Be realistic about volatility

Bitcoin has had several drops of 50 to 80 per cent in its history.

It is entirely normal for the price to move 5 to 10 per cent in a single day.

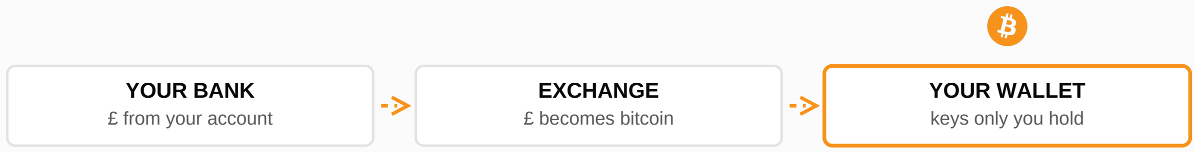
Only ever commit money you could genuinely afford to lose completely.

If a fall of 70 per cent would damage your life, your position is too large.

CHAPTER FOUR

Buying bitcoin in the UK

Buying is the easy part, and it looks much like opening any online account. Here is the whole journey, and the one step most beginners never take.



BTCKey is never in the middle of the money

01 **Choose an exchange registered with the FCA**
UK firms that exchange or safeguard cryptoassets must be registered with the Financial Conduct Authority for anti-money-laundering supervision. Kraken and Coinbase are the two most commonly used by UK beginners. You can check any firm on the FCA's public register before depositing a penny.

02 **Verify your identity**
You will be asked for photo ID and proof of address, exactly as a bank would. This is a legal requirement, not a red flag. Expect it to take anywhere from ten minutes to a couple of days.

03 **Deposit pounds**
A bank transfer is usually free or very cheap. Debit card deposits are instant but carry a higher fee. Some UK banks limit or block transfers to crypto exchanges, so check yours first.

04 **Buy**
Use the standard buy screen rather than the advanced trading view, which is designed for active traders and is easy to get wrong. Check the total fee before confirming.

05 **Withdraw to your own wallet**
This is the step almost everyone skips, and the one that matters most. Until you move your bitcoin off the exchange, you do not really control it. Chapter five explains exactly how.

CHAPTER FIVE

Wallets and self-custody

A wallet does not really hold your bitcoin. Your bitcoin lives on the network; the wallet holds the keys that let you move it. That distinction is the single most useful thing a beginner can understand.

HOT WALLET	COLD STORAGE
connected to the internet	*kept offline*
• Phone or laptop app	• Hardware device
• Free and instant	• Costs £50-£150
• Best for small amounts	• Best for savings

Why leaving coins on an exchange is risky

When your bitcoin sits on an exchange, the exchange holds the keys and you hold a promise. History has not been kind to that arrangement: Mt. Gox, Celsius, and FTX all collapsed with customer funds inside. In the UK, cryptoassets are not protected by the Financial Services Compensation Scheme, so there is no safety net if a firm fails.

- N **Left on an exchange**
  The exchange holds the keys
- N **Bitcoin ETF or fund**
  A custodian holds the keys
- Y **Self-custody**
  You hold the keys

Choosing your setup

- **Small amounts (up to a few hundred pounds):** a free phone wallet such as BlueWallet is fine to learn with.
- **Meaningful savings (£1,000 and above):** a hardware wallet such as a Trezor or Ledger, kept offline.
- **Substantial holdings:** a hardware wallet plus a properly documented backup and inheritance plan.
- **Never:** a screenshot of your recovery phrase, a note in your phone, or a password manager entry.

CHAPTER SIX

Your recovery phrase

When you set up a wallet, it will show you twelve or twenty-four random words and ask you to write them down. Do not rush this screen. Those words are your bitcoin.

YOUR RECOVERY PHRASE PAPER OR STEEL ONLY

01 **river**	02 **cabin**	03 **orbit**	04 **shadow**
05 **maple**	06 **cargo**	07 **velvet**	08 **pilot**
09 **amber**	10 **tunnel**	11 **quartz**	12 **legend**

Example only. Never type your real phrase into any website or photograph it.

Anyone who has these words can restore your wallet on any device anywhere in the world and take everything. Equally, if you lose them and your device breaks, your bitcoin is gone permanently. No company, no court, and no amount of proof of identity can recover it. This is the trade-off of true ownership, and it is entirely manageable once you take it seriously.

The rules, without exception

Write it on paper or stamp it into steel. Never type it into any website, app, or document.

Never photograph it. Phone photos sync to the cloud automatically.

Never share it. No exchange, wallet, or support agent will ever legitimately ask for it.

Store it away from your device. A fire or burglary should not take both at once.

Test it. Restore your wallet from the phrase once, before you rely on it.

The single most important sentence in this pack

Anyone who asks for your recovery phrase is stealing from you. There are no exceptions to this rule, no matter how official, urgent, or convincing the request appears.

CHAPTER SEVEN

Staying safe

Bitcoin transactions cannot be reversed, which makes beginners a target. The good news is that almost every scam relies on one of a handful of tricks, and knowing them makes you very hard to fool.

The scams you will actually meet

01 **Guaranteed returns**
Anyone promising fixed daily or monthly profits on bitcoin is running a Ponzi scheme. Bitcoin does not pay interest by itself. There is no legitimate scheme paying two per cent a day.

02 **Fake support**
You post a question online and someone helpfully messages you privately. Real support never contacts you first, and never asks for your recovery phrase or remote access to your screen.

03 **Celebrity giveaways**
A video or advert appears showing a famous investor promising to double any bitcoin sent to an address. The video is fabricated and the bitcoin never comes back.

04 **Romance and long-game scams**
Someone builds a relationship over weeks, then introduces an investment platform showing impressive gains. The platform is a website with fake numbers. Withdrawals never arrive.

05 **Recovery scams**
After a loss, a firm offers to recover your funds for an upfront fee. Nobody can recover stolen bitcoin. This is simply a second theft aimed at the same victim.

Five rules that defeat all of them

Never share your recovery phrase or passwords with anyone.

Never let anyone have remote access to your computer or phone.

Ignore unsolicited messages about crypto, however friendly or professional.

Treat any promise of guaranteed returns as proof of a scam.

Slow down. Urgency is the scammer's most reliable tool.

CHAPTER EIGHT

Tax and inheritance in the UK

Two subjects that beginners tend to discover far too late. Neither is complicated, but both need to be handled from the start.

Tax

HMRC treats bitcoin as an asset rather than as currency. In broad terms, simply buying and holding is not a taxable event. Capital Gains Tax may apply when you sell it, swap it for another cryptoasset, or spend it, if your total gains for the year exceed your annual allowance. Being paid in bitcoin, or earning it, is generally treated as income instead.

Keep a simple record from day one: the date, the amount, and the price in pounds for every purchase and sale. Doing this as you go takes seconds. Reconstructing it years later is genuinely painful. Tax depends on your personal circumstances, so check HMRC's cryptoassets manual or speak to an accountant.

Inheritance

Bitcoin forms part of your estate, but unlike a bank account, your executors cannot simply produce a death certificate and gain access. Without the keys or the recovery phrase, the bitcoin is unrecoverable. Families have lost life-changing sums this way.

What a workable inheritance plan looks like

Your will refers to the existence of cryptoassets without listing any secrets.

Written instructions explain to your executors what exists and how to access it.

Those instructions are stored securely and separately, for example with your solicitor.

Someone you trust knows that the instructions exist and where to find them.

The plan is reviewed whenever your setup changes.

Never put your recovery phrase in your will. Wills become public documents once probate is granted.

CHAPTER NINE

Your first-week checklist

If you do nothing else from this pack, do these nine things in this order.

01 **Decide your amount before you open anything**
Choose a figure you could lose entirely without it affecting your life.

02 **Open an account with an FCA-registered exchange**
Check the firm on the FCA register first.

03 **Turn on two-factor authentication**
Use an authenticator app rather than text messages where possible.

04 **Make a small first purchase**
Learn the process with an amount that does not matter.

05 **Install a wallet**
A free phone wallet is fine to start with.

06 **Write your recovery phrase on paper**
Twice, stored in two separate safe places.

07 **Send a tiny test amount to your wallet**
Confirm it arrives before moving anything meaningful.

08 **Restore your wallet from your phrase once**
This is the only way to know your backup actually works.

09 **Write down what you own and where it lives**
Your future self, and your family, will thank you.

Where BTCKey fits in

Every step above is something you can do alone, and this pack exists so that you can. Most people would simply rather not do it alone the first time. Our First Bitcoin session walks you through the whole list on a live call, at your pace, with your own money going directly from your bank to your own account. We never hold your money, your coins, or your keys.

READY WHEN YOU ARE

Own bitcoin. Properly.

BTCKey teaches people across the UK how to buy bitcoin safely, hold it in wallets only they control, and make sure it reaches their family. Book a First Bitcoin session and we will walk the whole checklist with you, live, in ninety minutes.

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Risk warning. Don't invest unless you're prepared to lose all the money you invest. Cryptoassets are a high-risk investment and you should not expect to be protected if something goes wrong. BTCKey provides education and technical setup services only. We are not authorised or regulated by the Financial Conduct Authority and we do not provide investment advice, custody, or payment services. Nothing in this pack is investment, legal, or tax advice.