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## Ziglu's Collapse Highlights Crypto Market Risks

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Ziglu, a British fintech startup launched in 2018 by former Starling Bank co-founder Mark Hipperson, has entered special administration, a clear signal of its impending financial collapse. The firm, once hailed as a bridge between traditional banking and the volatile world of cryptocurrency, now stands as a stark warning of the risks lurking in the digital asset market.

Founded under the name Livecon Services, Ziglu gained traction by offering innovative services such as e-money issuance, payment solutions, and crypto-asset products. Its flagship “Boost” accounts, which promised yields of up to 6% annually through partnerships with institutional lending platforms, attracted significant interest. The company’s 2021 crowdfunding campaigns further bolstered its profile, raising substantial capital and even catching the eye of US-based Robinhood, which ultimately abandoned plans to acquire the firm.

However, Ziglu’s fortunes took a sharp downturn. Its 2023 accounts revealed a staggering £4.4 million loss, following a £15.8 million deficit in 2022. With only £7.25 million in client money, comprising £6.7 million in crypto and £545,121 in cash, the company’s financial fragility was laid bare. Concerns about its viability were compounded by its exposure to the collapsed Celsius Network, a US crypto firm that went bankrupt in 2022, owing Ziglu over £4 million. Although Ziglu reportedly recovered these funds, the episode exposed the precarious nature of crypto lending.

Earlier this year, Ziglu’s troubles became undeniable. The firm froze its Boost accounts, locking customers out of their investments. On 13 June 2025, Ziglu entered a voluntary undertaking with the Financial Conduct Authority (FCA), which barred it from issuing e-money, providing payment services, or operating as a crypto exchange and custodian wallet provider. These restrictions, aimed at safeguarding consumers, reflected mounting concerns about the company’s solvency.

Ziglu’s directors applied for special administration, admitting insolvency. David Shambrook and Damian Webb of RSM Restructuring Advisory LLP were appointed to oversee the process, tasked with managing the distribution of remaining assets. This rare procedure underscores the

severity of Ziglu's predicament and prioritises consumer protection during the wind-down of operations.

Customer frustration has been palpable, with many reporting difficulties accessing their funds and a lack of clear communication from Ziglu's leadership, including Hipperson and co-founder John Humpish. Ziglu has urged clients to withdraw their e-money and crypto-assets, but the unregulated nature of its crypto activities complicates recovery efforts, leaving many investors in limbo.

The broader context of Ziglu's collapse is a cryptocurrency market fraught with volatility. Bitcoin's recent surge to nearly \$123,000, driven by a robust US economic report, has done little to stabilise firms like Ziglu, which struggled to navigate regulatory and financial pressures. The FCA's intensified scrutiny of crypto businesses, coupled with the current Labour government's heavy-handed regulatory approach, has tightened the noose around firms operating in this space, raising questions about the sustainability of the Web3 ecosystem.

Ziglu's downfall serves as a cautionary tale for investors, particularly those drawn to the allure of crowdfunding and digital asset ventures. The firm's inability to weather market turbulence and regulatory demands highlights the need for stronger oversight and greater caution in the crypto sector. As the special administration process unfolds, the industry and Ziglu's customers will be watching closely.