



Bitcoin Spending Checklist

For Consumers

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Step-by-step guide for making your first Bitcoin payment with confidence.

What Bitcoin Is (in Payment Terms)

Bitcoin is a digital payment network — like a global, decentralised debit card without a bank in the middle. You hold a balance of bitcoin (BTC), and you can send it to anyone, anywhere in the world, 24 hours a day.

Think of it less like an investment and more like cash that happens to live on your phone.

When you pay with Bitcoin, the transaction is broadcast to the Bitcoin network and confirmed by computers (miners) around the world. Once confirmed, it's done — no chargebacks, no reversals, no bank can freeze it.

Wallet Choice

Type	What it is	Best for	Risk
Custodial (Cash App, Revolut, Binance)	A company holds your bitcoin for you	Beginners; convenience	Counterparty risk — you don't own the keys
Non-custodial (BlueWallet, Wallet of Satoshi, Phoenix)	You hold the keys yourself	Control and ownership	You are responsible for security

Beginner recommendation: Start with a custodial wallet like Cash App or Revolut. It's simpler and you can always move to a non-custodial wallet later.

Lightning vs On-Chain

	Lightning Network	On-Chain
Speed	Seconds	10–60 minutes (for confirmation)
Fees	Typically very low (fractions of a penny)	Variable; can spike in busy periods
Best for	Small everyday purchases (£1–£50)	Larger payments where confirmation time matters
How it works	You open a payment channel; funds move instantly within it	Broadcast to the Bitcoin blockchain; miners confirm

For a coffee or lunch, use Lightning. For a big purchase where you want on-chain proof of payment, use on-chain.

Your First Payment — Step by Step

1. **Open your Bitcoin wallet app.**
2. **Tap "Send" or "Pay".**
3. **Choose Lightning or On-Chain** (if your wallet asks).
4. **Scan the merchant's QR code** or tap "Share" to receive an invoice link.
5. **Enter the amount** in pounds sterling if prompted — most apps convert automatically.

6. **Check the details twice.** The recipient address, the amount, the fee. Bitcoin transactions cannot be reversed.
7. **Confirm and send.**
8. **Wait for confirmation.** Lightning: seconds. On-chain: 10–60 minutes typically.
9. **Show the merchant your transaction confirmed** — they may check their wallet before completing the sale.

⚠ Common Mistakes

- Sending to the wrong address — always double-check
- Not waiting for confirmation — a broadcast is not a confirmed transaction
- Confusing Lightning and on-chain addresses — they look different
- Losing access to your wallet — write down your recovery phrase

Record Keeping — Why It Matters

Every Bitcoin transaction has a unique ID (TX ID). Keep a record of:

- The merchant name
- The date and time
- The amount in BTC
- The amount in sterling at the time
- The TX ID

This matters for tax. HMRC treats Bitcoin as an asset. If you pay for goods or services with Bitcoin, that may be a disposal for capital gains tax purposes.

HMRC Tax Caution

Using Bitcoin to pay for goods or services is a disposal of the asset. You may need to calculate a gain or loss based on the sterling value at the time of the transaction. Keep good records and speak to a qualified accountant who understands crypto assets.

Safe Transaction Behaviour

- Test small first — send a tiny amount to confirm the address works
- Check the address twice before sending
- Use a reputable wallet — if an app shows unusual fees, stop and check
- Keep your recovery phrase offline — written down on paper, stored somewhere safe
- Never share your private key with anyone

Transaction Record

Date	Merchant	Amount BTC	Amount (£)	TX ID	Notes

→ Next Step

Get a wallet, buy a small amount of bitcoin, and make your first payment somewhere that accepts Bitcoin.
Find merchants at buywithbitcoin.com

This document does not constitute financial, tax, legal, or investment advice.

<https://buywithbitcoin.com/>