

The complaint

Mr M complains that PayPal (Europe) Sarl et Cie SCA deducted a refunded amount from his account.

What happened

Mr M says he bought an item using PayPal on 12 July 2020 for £299.60 which he didn't receive. He says he asked his bank which I will call "H" to raise a chargeback which it did, and he also complained to PayPal. Mr M says his bank refunded the full amount and PayPal refunded £287.28. He says both his bank and PayPal then debited the refunds on the basis the other had refunded the money. Mr M says he gave PayPal his bank statements showing what had happened but didn't receive a response and eventually had to pay PayPal the account balance of just over £287. He would like his money refunded.

PayPal says Mr M received a refund in August 2020 and it then realised he had received a refund from his bank following a chargeback. It says it acted correctly and fairly by debiting Mr M's account as he received, effectively, a double refund.

Mr M brought his complaint to us and our investigator upheld the complaint. The investigator thought Mr M's bank statement clearly showed the refund and deduction by his bank and in those circumstances, PayPal should not have deducted its refund.

PayPal doesn't accept that view and Mr M does accept it.

I asked both sides for further information and permission from Mr M to speak to H which he agreed to provide. Mr M also confirmed that he didn't receive the money back via any other account.

PayPal says it has no evidence that it received the money back from H and says it is only entitled to limited information from it.

H says it credited Mr M's account when the chargeback was raised, and it debited the account when he received a duplicate refund. It says at no stage did it either deduct money from PayPal or the merchant and so didn't refund either as these were internal credits/debits.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so I have come to the overall view that I uphold this complaint. I appreciate in doing so that the problem here was largely caused by Mr M raising a chargeback with H and by asking PayPal to refund his money. I think he ought to have realised that by doing so that there was the potential for this sort of situation to take place but equally I'm satisfied that Mr M has not received his refund for the reasons I will explain.

I have looked carefully at Mr M's bank account statements which I think he fairly provided to

PayPal to consider. I don't think there can be any doubt that he was refunded the money by his bank following the chargeback, but that refund was debited at a later stage by it. I'm satisfied that H has confirmed that is what took place and also told us that it applied the refund internally until the chargeback was resolved. I have not seen any evidence from PayPal that suggests any money was deducted from it by H and so on balance I don't think H ever deducted money from PayPal.

I can see from PayPal's records that it too credited Mr M's account before later debiting it. I appreciate that PayPal may have thought at that stage that Mr M's bank had refunded the money. But I think it ought to have been clear to PayPal as Mr M sent it his statements that the bank had debited the money first. I'm satisfied that Mr M sent PayPal the relevant account statements and although I can't see that PayPal says if it received them, I think it could have requested them if not.

I appreciate PayPal says it hasn't received the money in question from Mr M's bank. I don't think PayPal has provided any evidence of a search for the money or provided evidence that it sent Mr M's bank the money. H has said it didn't debit PayPal for the money and I think on balance that is what took place. In those circumstances I don't think H would have credited PayPal with the refunded amount as I don't think it ever asked PayPal for it. I also think it's up to PayPal to speak to H about this and I don't understand why it says it would have limited information about the transaction in these circumstances.

Overall, I'm satisfied PayPal debited Mr M's account in circumstances where his chargeback had been reversed by H. The effect of that was that Mr M was out of pocket by £287.28. I have not seen any evidence PayPal ever sent that amount to H or any evidence from any extracts from its accounts that would support what it says. I am satisfied that Mr M has provided his account statements and that H has confirmed that it internally credited and later debited Mr M's account.

Putting things right

PayPal should pay Mr M the disputed amount of £287.28.

My final decision

My final decision is that I uphold this complaint and order PayPal (Europe) Sarl et Cie SCA to pay Mr M £287.28.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 March 2022.

David Singh
Ombudsman