

The complaint

Mrs M is unhappy with the way PayPal (Europe) Sarl et Cie SCA has handled a refund she received, and her subsequent enquiries.

What's happened?

Mrs M made a card payment for £287 to a merchant via PayPal on 19 December 2016.

The merchant issued a refund for £252 on 17 January 2017 - £196.20 was refunded to Mrs M's card and £55.80 was refunded to her PayPal balance.

Mrs M questioned why the whole £252 was not refunded back to her card, as this was the original payment method. She also wanted to know:

- whether she'd spent the £55.80 refunded to her PayPal balance.
- if any other refunds she'd received had been refunded to her PayPal balance, rather than the original payment method.
- what her current PayPal balance was, and what it had been over time.

Mrs M says PayPal's responses to her queries were confusing and didn't really provide the information she was looking for. So, she referred a complaint to our Service.

What has PayPal said since the complaint was referred to us?

A payment which Mrs M made on 11 January 2017 via PayPal was not charged from her card due to a technical issue. Instead, the funds were deducted from her PayPal balance, which was zero at the time – leaving her with a negative balance for £55.80. When the merchant refunded £252 to Mrs M on 17 January 2017, the first £55.80 was used to bring her PayPal balance back to zero, and the remainder was refunded back to her original payment card.

PayPal apologised for any confusion its technical error had caused.

It also provided a spreadsheet containing Mrs M's transaction history from January 2017 for her perusal and confirmed her current PayPal balance.

What did our investigator say?

Our investigator found that PayPal did not satisfactorily explain to Mrs M why her £252 refund was split between her card and PayPal balance before she referred her complaint to our Service, as it can reasonably be expected to have done. And it didn't provide the detailed record of transactions she was entitled to or confirm her PayPal balance in good time. She recommended that PayPal pay Mrs M £75 in recognition of the trouble and upset these errors caused her.

PayPal accepted our investigator's recommendation and credited Mrs M's account with £75. It said Mrs M could withdraw this money to her bank account in the usual way, if she wished to do so.

Mrs M said:

- she has checked her statements and the payment of £55.80 was not made from her card on 11 January 2017, as PayPal has said.
- she wants to know what caused the technical error PayPal has referred to and she thinks it's unacceptable if it can't provide an explanation.
- a refund of £15.30 appears to have gone back to her PayPal balance too.
- she doesn't think the transaction history PayPal has provided her with is very clear – she wants something that's better formatted and more basic, containing the specific information she requires.
- she would like confirmation that no other transactions have been refunded incorrectly.

PayPal was not able to answer Mrs M's queries to her satisfaction, and the complaint has now been passed to me to decide.

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.

It is my role to decide whether a business error has occurred and, if it has, what the business should do to put things right.

PayPal has explained that a technical error on 11 January 2017 created a negative PayPal balance for Mrs M, and this is the reason why her refund on 17 January 2017 was split between her card and her PayPal balance. I've seen evidence which supports what it's said, and Mrs M has confirmed that £55.80 was not paid from her card. It's unclear why this technical error occurred but I don't believe I need to consider this in the circumstances. As it's common ground that an error did indeed occur, I need to decide what PayPal should do to put things right.

Mrs M was understandably unsure why some of her £252 refund went to her PayPal balance. PayPal has now, through our Service's intervention, explained why the refund was split and given Mrs M detailed information about her account – including a transaction history and current balance. But, from what I've seen, I'm persuaded that PayPal ought reasonably to have taken this action sooner than it did.

PayPal has paid Mrs M £75 in this respect, and I'm satisfied that this is a fair and reasonable amount of compensation in consideration of the trouble and upset it caused Mrs M.

I appreciate that Mrs M finds the transaction history PayPal has provided unclear. But I'm satisfied that it has made reasonable efforts to provide her with the information she requires, and I'm not persuaded that it needs to do more here.

In an attempt to clarify matters for Mrs M, I have checked the transaction history in the six years prior to Mrs M bringing her case to this Service and I can't see any refunds she's been issued with that haven't gone back to the relevant payment card, other than a refund for £15.30 on 25 January 2017 which was credited to her PayPal balance. This balance went towards a payment Mrs M made on 2 March 2017, so she has had the benefit of those funds. Even if other refunds had been credited to her PayPal account, she would have had the benefit of those funds when making future transactions.

My final decision

For the reasons I've explained, my final decision is that PayPal (Europe) Sarl et Cie SCA has done enough to resolve this complaint. I do not instruct it to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 11 April 2022.

Kyley Hanson
Ombudsman