

## **The complaint**

Mrs F complains PayPal Europe Sarl & Cie, SCA ("PayPal") restricted her account, withheld money in it for an excessive period, and provided poor customer service.

As a result, Mrs F wants PayPal to pay her compensation for the significant distress and inconvenience it caused.

## **What happened**

In May 2019, PayPal reviewed Mrs F's account, restricted her access to it and ultimately withheld around £145 in it. PayPal notified Mrs F by email of its decision, amongst other things it said:

*"As per the User Agreement, when PayPal places a permanent limitation on an account due to an Acceptable Use Policy violation, any funds in your account will be held for 180 days. After 180 days, if applicable, we'll contact you with information on how to withdraw any money from your PayPal account"*

Mrs F contacted PayPal in November 2019 to access her funds - this would have been around 180 days after it had decided to hold the funds. PayPal asked Mrs F to provide it with identity and address proof. Mrs F says she did this via her PayPal account – PayPal say it hadn't received anything.

Mrs F then complained in July 2020 as she still hadn't received her funds. She says she was met with the same standard message to confirm her identity. PayPal say Mrs F sent her proof of identity to an unmonitored email in August 2020 instead of uploading it onto her account. As a result, it wasn't picked up causing further delay.

Mrs F then complained and later referred the matter to this service in March 2021.

PayPal contacted Mrs F in April 2021 to say she could withdraw her funds. Mrs F said she still wanted to proceed with her complaint about PayPal's lack of customer care and unresponsiveness to her complaint. And, that PayPal should not have held onto her money for as long as it did.

One of our Investigator's looked into Mrs F's complaint. In summary they found:

- PayPal reviewed Mrs F's account in line with its obligations and terms of account. And it isn't obliged to give any notice or explanation for doing so
- There's no evidence to support Mrs F's assertion she uploaded the required documents in November 2019. But based on Mrs F's testimony and emails provided, her account of what happened is both plausible and persuasive. Because of this PayPal ought to have been much more proactive in resolving the issue
- So, because of this PayPal should pay Mrs F £100 for the poor customer service in relation to releasing the funds.

PayPal agreed with our Investigator's recommendations, but Mrs F has said the compensation award isn't a fair amount. Some of the key things she's said in response are:

- The award should be somewhere between £300 and £750 based on what the service's website says about considerable distress and upset – specifically where there's been significant inconvenience and disruption which requires a lot of effort to sort out
- She had complied with PayPal's request to upload identification proof, but it still took almost two years to release her money
- The level of compensation shouldn't depend on the amount of money involved, but it should be based on the failings of PayPal and how long the matter has taken to resolve
- Though the amount held by PayPal was around £145, it's still a decent amount which would've helped with paying bills or have earned interest
- PayPal couldn't be bothered to answer Mrs F's complaint despite several attempts. This forced her to refer her complaint this service

As Mrs F doesn't agree with what our Investigator said, 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.

Having done so, I've decided to uphold this complaint in part. I'll explain why.

Financial businesses in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means regulated firms need to restrict, or in some cases go as far as closing, customers' accounts.

I've closely reviewed PayPal's terms - which includes its Acceptable Use Policy. Given the legal and regulatory obligations placed on PayPal, and what its terms say, I'm satisfied it acted fairly when deciding to review and then restrict Mrs F's account.

PayPal's terms say it can block an account and/or hold any funds in the reserve account for more than 180 days if required. By holding onto Mrs F's funds for 180 days from when the initial limitation was placed, I'm persuaded PayPal acted in line with the terms of the account.

I'm also persuaded this action was proportionate given PayPal's concerns that initiated the review. To that end, Mrs F has alluded to wanting to know PayPal's reasons for deciding to review and place a restriction on her account. I'm not aware of any obligation that compels either PayPal, or myself, to disclose this reason.

PayPal say that when the 180-day period ended it asked Mrs F to provide it with proof of her identity. Mrs F says she supplied it – but PayPal say it never got this from her. PayPal doesn't have any records to show it received this. Nor have I seen anything from Mrs F that shows conclusively she did send it.

Where evidence is missing or inconclusive, I can make my decision on what I think is most likely to have happened – the balance of probabilities. Given the consistency of Mrs F's testimony, and as I've seen attempts from her to chase this matter up and make a complaint with no response from PayPal, I'm persuaded she did attempt to send her documents in November 2019. However, I can't say what channel was used to send it.

PayPal do agree Mrs F sent the required documents to it in August 2020, but that she had sent it to an unmonitored email address. I've seen PayPal's correspondence wording in relation to this matter, and it doesn't say anything about the channel Mrs F should have used. I also question why it let her reply to an email address which isn't monitored – and didn't, as it appears, say anything to her about this.

So, I'm satisfied PayPal hasn't done enough in trying to resolve the matter of returning Mrs F's funds when it should have – and that it failed to provide an adequate level of service in doing so.

As a result of PayPal's failings, it withheld Mrs F's funds for much longer than it should have. But it also caused her inconvenience in having to periodically complain about it and ultimately refer the complaint to this service. In its submissions, PayPal had said that during a large part of the period it held onto Mrs F's funds it faced operational challenges due to the pandemic. But I still think it could have done much more than it has.

It now falls to me to determine what I think is fair compensation. In doing so, I will set my focus on the impact this has had on Mrs F in terms of any financial loss; and distress and inconvenience caused.

I note Mrs F says this amount shouldn't be anchored or somewhat proportionally related on the amount of money PayPal was withholding. I think she is, to a large extent, right about this. But the amount is relevant as it determines how integral the funds were to Mrs F meeting her living costs.

Mrs F says the amount would have helped her pay some of her bills. That may be true, but I haven't seen anything that suggests she wasn't able to meet her bills or other key living costs. So I don't think the amount being withheld for as long as it was, has caused her substantive or considerable distress.

The fact the money was withheld would no doubt have caused her worry, but I've already said PayPal acted fairly in taking these actions.

I do however think PayPal's poor handling of the complaint and release of funds has caused Mrs F inconvenience. It's clear she's had to chase the matter up and has met with little or no response from PayPal on several occasions. I haven't even seen a final response to Mrs F's complaint.

So, after weighing this up carefully, I'm persuaded £100 is fair compensation for the inconvenience Mrs F has suffered. I also think this amount takes into account any loss of interest had Mrs F held the funds in a savings account. I've considered what Mrs F says about the wording on our website, but I'm satisfied this amount reflects a scenario where there have been repeated small errors which has required a reasonable effort to sort out.

### **My final decision**

I've decided to uphold this complaint in part for the reasons explained above. I now direct PayPal Europe Sarl & Cie, SCA to pay Mrs F £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 25 July 2022.

Ketan Nagla  
**Ombudsman**