

The complaint

Mr B complains that PayPal (Europe) Sarl et Cie SCA wouldn't help him recover funds from a PayPal transaction after he told it that he hadn't received the item he'd purchased.

What happened

In late 2019, Mr B paid a deposit for a car using his PayPal account. He says he paid the balance by bank transfer.

Mr B says he understood there were issues with shipping the car due to the Covid-19 pandemic. He was communicating with the seller for around 18 months, but this stopped. He was unable to contact the seller and he never received the vehicle.

Mr B tried to recover the deposit via PayPal. But PayPal wouldn't agree to refund the money. It said it had determined there was no unauthorised use.

In response to Mr B's complaint, PayPal said that his unauthorised claim was refused because there was no evidence of third-party access to his PayPal account. It said the transaction was ineligible for reimbursement under PayPal Buyer protection because he'd made a personal payment, using PayPal's friend and family functionality.

Mr B remained unhappy and asked our service to consider the matter. Our investigator looked into Mr B's concerns but didn't think his complaint should be upheld. He thought PayPal had acted fairly and in line with the terms of its user agreement.

Mr B disagreed with our investigator's view. He provided copies of email correspondence with the seller of the car and with third parties to evidence that he'd been defrauded by the seller. Mr B said PayPal hadn't made any attempts to satisfy itself that there was no fraud. He felt PayPal was condoning fraud by refusing to act on it. So, the complaint has 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 not to uphold Mr B's complaint. I'll explain why.

It's unclear why PayPal initially considered Mr B's claim as an "*unauthorised claim*". Mr B has confirmed that he intended to make the payment to the recipient using his PayPal account. So, I think it's clear that the transaction was authorised.

PayPal offers some protection to its customers through its buyer protection scheme for items not received or significantly not as described.

However, PayPal's user agreement states that some items are not eligible for PayPal Buyer Protection. These include "vehicles" and "*personal payments including payments sent using PayPal's friend and family functionality*" - which is what Mr B used.

So, I think it was fair for PayPal to conclude that the transaction Mr B made wasn't covered under its buyer protection scheme.

Mr B has told us that he was able to recover the balance of what he paid for the car from his bank. So, I can understand why he feels that he should also be able to recover the deposit from PayPal. However, PayPal isn't a bank, which means that it operates differently and has different obligations to its customers.

It's unclear whether the seller intended to defraud Mr B from the start or whether the matter is actually a civil dispute, which isn't something PayPal would be responsible for putting right.

I understand Mr B believes he's a victim of fraud and that PayPal should have tried to recover the funds for him. It's good industry practice for a financial business to try to recover funds if there's evidence that a customer is a victim of fraud or a scam. But if it's the case that the seller intended to defraud Mr B from the outset, it seems unlikely that the funds would have been kept in the recipient's account for any length of time. And Mr B appears to have raised the issue with PayPal around two years after the transaction. So, I don't think it's likely that PayPal would have been able to recover the funds if it had attempted to do so.

I appreciate Mr B is unhappy that PayPal won't share the details of the recipient of the funds with him so he can pass this information on to the police. But PayPal wouldn't be able to share these details with Mr B for data protection reasons. However, PayPal might be obligated to share this information with the police if they were to approach it directly, as part of a criminal investigation into the matter.

My final decision

For the reasons I've explained, I don't uphold Mr B's complaint.

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

Anne Muscroft
Ombudsman