

The complaint

Mrs B complains that PayPal (Europe) Sarl et Cie SCA didn't refund her for an item, after she raised a claim under its Buyer Protection policy.

A representative has been helping Mrs B with her complaint. For ease, I'll refer to anything they've said as being said by Mrs B.

What happened

In mid-2021 Mrs B purchased a watch through an online shopping site. She used PayPal Credit to pay for the item. Mrs B says it was advertised as a designer watch in "*excellent working condition*" and was described as having a "*gold tone and polished stainless-steel case with the original full length stainless-steel and gold tone bracelet*". However, the gold tone of the watch she received was badly chipped and the defects weren't showing on the pictures provided by the seller online.

Mrs B raised a dispute with PayPal under its Buyer Protection policy, using the category "*significantly not as described*". She also tried to resolve the matter directly with the seller. The seller agreed to reimburse Mrs B for the item if she returned it, so she posted it to the address they gave her.

PayPal rejected Mrs B's claim a couple of days after she'd raised it. It told her that the payment was ineligible for PayPal Buyer Protection. After Mrs B appealed, PayPal reopened her claim.

There was some further communication between Mrs B and PayPal. Mrs B says PayPal gave her a lot of contradictory information. She says PayPal didn't explain why the credit agreement wasn't cancelled.

PayPal sent Mrs B a number of letters chasing for payment on her PayPal Credit account, including a default notice. Mrs B disputed owing the money but didn't receive any response from PayPal. She was then contacted by a debt collection agency.

Our investigator looked into Mrs B's concerns and thought her complaint should be upheld. He didn't think it was fair for PayPal to have rejected Mrs B's claim. He recommended that it refund the amount she'd paid for the item to her PayPal Credit account and pay her an additional amount for trouble and upset.

PayPal disagreed with our investigator's view and asked for the case to be passed to an ombudsman. 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 to uphold Mrs B's complaint. I'll explain why.

PayPal's user agreement says that buyers may be eligible for a refund under its Buyer Protection policy in certain circumstances, including where the item is "*Significantly Not as Described*".

PayPal says Mrs B's claim was initially rejected because it believed it had minor scratches and was described as "*used*". It says her appeal was denied because Mrs B didn't reply to requests for further information.

I can see that PayPal requested "*a copy of the original description of the item or service*" on 18 June 2021. However, Mrs B had already returned the item to the seller on 15 June because they had told her they were willing to refund her.

PayPal says Mrs B didn't respond to its information request within the three day time frame it had given her. However, it's also acknowledged that Mrs B made it aware she'd returned the item when she sent a picture of her post office receipt to it on 19 June 2021, which was the day after the request.

PayPal says Mrs B returned the item without being advised to do so and so she would need to deal with the seller regarding any refund. However, PayPal advised her to try to resolve the matter with the seller when she first raised the dispute. So, I think it was reasonable for Mrs B to have returned the item when the seller told her he was willing to give her a refund.

PayPal says that if Mrs B had returned the item to the seller before escalating to a claim (and the significantly not as described reason was valid) it would have asked her for a tracking number and could have closed the claim in her favour upon delivery confirmation to the seller's address. It says it wouldn't have accepted a screenshot to show that the address Mrs B had returned the item to matched what was showing on the online shopping site, because it wouldn't have been able to associate the seller's email address to the seller or the item.

It's unclear why PayPal doesn't think this information wouldn't be enough. In any event, PayPal doesn't appear to have asked Mrs B for evidence to show she'd returned the item to the seller's address at the time. Nor has PayPal said what it would have accepted as proof that she'd returned the item.

Mrs B spent a lot of time communicating with PayPal to try to get the matter resolved. She's also provided emails which show that the seller had told Mrs B she could only receive the refund via the online shopping site. The online shopping site told Mrs B it couldn't open a dispute as there was already one open with PayPal. I'm not persuaded that PayPal did enough to help her resolve things.

As Mrs B was left without the item and PayPal didn't seem willing to help her, I think it's understandable that she didn't think she should pay the amount owing on her PayPal Credit account. She's provided evidence that her representative disputed her owing this on more than one occasion. But PayPal doesn't appear to have responded.

Under the circumstances, I think it would be fair for PayPal to refund the transaction to Mrs B's PayPal Credit account and remove any interest and charges relating to it. It should also remove any negative information from her credit file.

Overall, I think the customer service Mrs B received from PayPal was poor. It didn't communicate with her clearly and it didn't do enough to help her recover the payment. Mrs B spent a lot of time trying to sort things out. She's told us she is vulnerable, and the situation caused her to experience anxiety. So, I think it would be fair for PayPal to also pay Mrs B £150 for distress and inconvenience.

Putting things right

PayPal should:

- Refund Mrs B the amount she paid for the item (£129.99) to her PayPal Credit account.
- Remove any interest and charges relating to the above.
- If Mrs B has made any payments towards the purchase, PayPal should refund these to her along with 8% per annum simple interest from the date the payments were made until the date they are refunded.*
- Remove any adverse information recorded on Mrs B's credit file.
- Pay Mrs B £150 for distress and inconvenience.

*HM Revenue & Customs requires PayPal to deduct tax from this interest. PayPal should give Mrs B a certificate showing how much tax it's deducted if she asks for one.

My final decision

For the reasons I've explained, I uphold Mrs B's complaint and direct PayPal (Europe) Sarl et Cie SCA to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 10 August 2022.

Anne Muscroft
Ombudsman