

The complaint

Miss B complains about PayPal (Europe) Sarl et Cie SCA's ("PayPal") decision to decline her claim for a refund.

What happened

Miss B bought mobile phones from a seller and used her PayPal account to send a payment of £380. Miss B then filed a claim with PayPal on the basis the phones were 'Significantly Not As Described'. PayPal explained to Miss B she was entitled to a full refund provided she returned the phones to the seller in the same condition they'd been received. PayPal provided the address for Miss B to return the phones. Miss B though had already returned the phones to a different address to the one provided by PayPal. PayPal said Miss B didn't return the phones to the address they provided and the tracking number provided by Miss B wasn't valid, so they declined her claim. Miss B complained to PayPal and they upheld their decision to decline her claim.

Our investigator looked into things for Miss B. He thought PayPal hadn't acted fairly in declining Miss B's claim and recommended they refund her the £380 she paid. PayPal disagreed so the matter has come to me for a decision.

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 the complaint. And, I think the investigator's recommendation here is a fair way to resolve matters.

I understand disputes will often arise in online platforms designed for buying and selling goods. It's therefore important for PayPal, being a payment platform, to have policies in place to help resolve those disputes. PayPal does have such policies, but what I've considered here is whether PayPal have applied their policy fairly when dealing with the claim.

The 'PayPal Buyer Protection' policy sets out the eligibility requirements and steps a buyer must take in order to claim a refund. This says a buyer must "*Comply with PayPal's shipping requests in a timely manner, if you're filing a Significantly Not as Described claim. PayPal may require you to, at your expense, to ship the item back to the seller, to PayPal or to a third party (which will be specified by PayPal) and to provide proof of delivery.*"

I've also seen an email sent by PayPal to Miss B which explains the seller has agreed to issue a full refund once the phones are returned. This email also sets out the address to return the phones.

It's not in dispute that Miss B returned the phones to an address which was different to the address provided by PayPal. Taking into account the email sent by PayPal, I agree Miss B hasn't acted in line with their request to return the phones to the specified address. While

this is the case, I've gone further to consider whether PayPal have acted fairly and reasonably in the circumstances of this case.

The PayPal Buyer Protection policy encourages a buyer to try to resolve the dispute directly with the seller before raising a claim. Examples of this in the policy are, PayPal say a buyer should "*Attempt to contact the seller to resolve your issue directly before filing a claim*" and there being a time period of 180 days from making payment to open a dispute because "*This might allow you to start a direct conversation with the seller regarding your issue with the transaction that may help resolve the dispute.*" This is precisely what Miss B did and I can see she was in direct communication with the seller to arrange the return of the phones prior to raising a claim with PayPal. The communication shows Miss B received a label from the seller with the address for the phones to be returned – and the Certificate of Posting and receipt provided by Miss B shows this is where the phones were returned. The information I've seen shows Miss B returned the phones a few days before she received the email from PayPal setting out the address the phones should be returned to. So, I'm persuaded Miss B did act in line with the PayPal Buyer Protection policy by attempting to resolve the dispute directly with the seller. And, she didn't ignore PayPal's request to send the phones to their specified address, but rather, she acted in good faith and in the spirit of the PayPal Buyer Protection policy, by trying to resolve the dispute by sending the phones to the address provided by the seller.

I can see PayPal disagree with our investigator's view and point out Miss B hasn't complied with her obligations under the User Agreement. But, in the circumstances of this case, I don't think it's fair and reasonable to apply the narrow lens of the User Agreement alone. I say this because I've seen clear evidence which I believe shows, on the balance of probabilities, that Miss B has returned the phones. PayPal say Miss B didn't comply with their request to return the phones to the address specified by them. I do acknowledge this, but I've explained above why I don't think it's fair for this to be grounds to decline Miss B's claim. I note PayPal say Miss B chose to return the phones before they had an opportunity to provide the address but, given the PayPal Buyer Protection policy actively encourages direct communication and resolution between buyer and seller, I don't think it was unreasonable for Miss B to arrange shipment without waiting to hear back from PayPal.

PayPal say their complaint policies make it clear they must be able to verify that an item has been successfully returned to a seller. And, in this case, the tracking number showing on the receipt appears invalid so there's no way to verify the status of the delivery. I understand why PayPal require this information but the evidence I've seen persuades me it's the phones which have been returned. Firstly, the contemporaneous evidence of the messages between Miss B and the seller refers specifically to the phones. And, the timeline of events which occur are consistent with Miss B's account of events. The evidence shows Miss B asks for details of where to return the phones and a few days later the seller provides a return label. Miss B then returns the phones a few days later using the returns label and, from the weight of the package shown on the receipt, I believe it's more likely than not the package contained the phones. I note the tracking reference doesn't show any results, but I can see Miss B has taken all the steps agreed with the seller and I haven't been provided with any evidence to show the phones haven't been delivered.

I understand PayPal say Miss B didn't respond to their requests for information in a timely manner which is why her claim was originally closed. Miss B then appealed the decision and provided information which PayPal say showed the return address was different to the one they provided. So, I don't think it was unreasonable for PayPal to close Miss B's claim originally as she didn't provide the information requested. But, on appeal, she did provide the information so I don't believe Miss B not originally responding in a timely manner should be a reason to decline the claim thereafter.

As mentioned above, I don't dispute Miss B hasn't used the address provided by PayPal and I don't disagree she hasn't therefore acted completely in line with the relevant policy. But, I'm persuaded she has acted in the spirit of the PayPal Buyer Protection policy by corresponding with the seller direct and acted in good faith by sending the phones to the address they provided. And, in doing so, she has attempted to resolve the problem directly with the seller before filing a claim – which is in line with the PayPal Buyer Protection policy. So, I think PayPal have acted unfairly in declining the claim for £380.

Putting things right

I've taken the view that PayPal have acted unfairly in declining Miss B's claim. So, PayPal should refund the £380 payment to Miss B for this transaction.

My final decision

My final decision is that I uphold the complaint. PayPal (Europe) Sarl et Cie SCA must refund £380 to Miss B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 22 August 2022.

Paviter Dhaddy
Ombudsman