

The complaint

Mr L complains about PayPal (Europe) Sarl et Cie SCA and the service they provided when they processed a claim he made under their Buyer Protection Policy (BPP).

What happened

On 19 June 2021, Mr L purchased several items from a retailer, who I'll refer to as "K", using his PayPal account.

But Mr L wasn't happy with the items he received, the discounts applied by K or the way the items were installed at his property. So, on 9 August, Mr L raised a Significantly Not as Described (SNAD) claim under PayPal's BPP. Mr L made it clear to PayPal that he was seeking a partial refund of the total amount he'd paid and that he'd be unable to return some items as they had already been assembled.

PayPal progressed Mr L's SNAD claim. But on multiple occasions, they requested proof that Mr L had returned the items so a refund could be issued. But Mr L explained that he was unable to return the items and instead was looking for a partial refund to acknowledge K's errors and his unhappiness. So, on 19 October, PayPal declined Mr L's claim.

Mr L then filed a chargeback with his bank, which was partially successful. But Mr L was unhappy with the service he'd received from PayPal. So, he raised a complaint.

Mr L thought PayPal should've made him aware he'd be unable to seek a partial refund through their claim process sooner. And that if they had, he would've been able to raise a section 75 refund claim through his credit card company which he thinks would've been successful. Mr L thought the delays created by PayPal have prevented this. And he thought he had wasted time and energy speaking to PayPal on multiple occasions. So, he wanted to be compensated for this.

Our investigator looked into the complaint and initially, they didn't uphold it. They focused on PayPal's decision to decline the SNAD claim which they thought was fair, under the terms of the BPP. So, they didn't think PayPal needed to do anything more. Mr L responded explaining he was unhappy with PayPal's communication, and the fact they delayed him in raising a claim with his credit card company. Our investigator looked into this aspect of the complaint again and upheld it, recommending PayPal pay Mr L £100. They thought PayPal could've made Mr L aware sooner a partial refund couldn't be obtained and that items would need to be returned in order to receive a full refund. So, they thought the £100 recognised the upset and inconvenience Mr L was caused.

Mr L didn't agree. He didn't think the £100 recommended was enough to compensate him for the distress he'd been caused, as well as the financial loss he'd incurred. As Mr L didn't agree, the complaint has been passed 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'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Mr L. I appreciate he purchased several items for a significant sum from K. So, I can understand why he'd be left upset and frustrated when some of these items weren't what he'd chosen. And that others had been delivered and installed damaged, while others were more expensive than he'd been told. For all those reasons, I can understand why Mr L would feel as though he was due some money back. And when K didn't provide this, I can understand why Mr L would seek alternative methods for a refund, including PayPal and their BPP.

And when he spoke to PayPal about the SNAD claim he raised, I recognise Mr L would've expected PayPal to ensure he was given the correct information he required in a timely manner. So, when the claim was declined, and Mr L realised the claim he raised was unlikely to ever provide him with the outcome he was seeking, I can understand why Mr L would feel as though PayPal had acted unfairly.

Before considering the service and information PayPal provided, I've first thought about the actual decision to decline the claim. I'm aware PayPal's decision to decline the claim isn't Mr L's main area of dispute and from what I've read, I think Mr L understands PayPal's reasoning for this. Even so, I've looked at the terms of PayPal's BPP to satisfy myself that it was a fair decision to make.

And having done so, I think it was. I think the terms of the BPP make it reasonably clear that for a claim to be successful, the items Mr L was unhappy with would need to be returned. And it's not disputed that Mr L didn't return these, as many of them had already been assembled so a return wasn't possible. And Mr L doesn't dispute it wasn't a full refund he was looking for. But instead, a partial refund to acknowledge the poor level of service he felt K had provided.

I think the terms of the BPP make it reasonably clear that the BPP wasn't designed to settle disputes of this nature. And it was instead designed to give buyers some form of protection if the items purchased weren't received, or were significantly different to what was expected. The BPP isn't designed to resolve complaints between a buyer and a seller about the level of service provided, the sales process or any form of installation. So, I'm satisfied that PayPal have acted fairly when declining Mr L's claim.

But I don't think they reached this decision in a reasonable amount of time. I can see the claim was raised and escalated by mid-August. So, it took almost two months to reach a conclusion.

And in this time, I've seen email exchanges between PayPal, and listened to phone conversations they held. In a call on 3 September, I think Mr L makes it reasonably clear to PayPal that he is only looking for a partial refund. And that he was unable to return the items as they were requesting. So, I think at this point PayPal should've made Mr L reasonably aware that his claim was unlikely to be successful and instead, direct him to make a claim with his bank or card providers directly.

But I can't see they did this. So, Mr L continued to discuss the claim with them. And I think if PayPal had acted fairly and reasonably, this contact could've been prevented. So, I think PayPal have failed to act fairly here. As I don't think they've acted fairly, I've then thought

about what I think PayPal should do to put things right.

Putting things right

Any award or direction I make is intended to place Mr L back in the position he would've been in, had PayPal acted fairly in the first instance.

In this situation, I think Mr L's SNAD claim would always have been declined. And so, I don't think PayPal would ever have refunded Mr L the £400 he was hoping for. So, I haven't considered this figure when deciding what PayPal should do.

But had PayPal given Mr L better and clearer information when he spoke to them on 3 September, I don't think he would've needed to take the time and effort to contact PayPal on several occasions after this date, until the claim was declined. I've listened to the conversations between Mr L and PayPal, and I think it's clear he was finding the situation stressful and upsetting. I think this stress and upset could've been avoided, or at least reduced, had PayPal explained to Mr L that his SNAD claim was unlikely to be successful earlier.

Mr L says this delay resulted in him being unable to raise a section 75 claim with his credit card providers. But I can see that Mr L paid for the entire purchase with K on one card. And I've seen it's been confirmed that he did receive a partial refund from a chargeback he made with his bank. So, I think it's reasonable for me to assume Mr L was able to make a claim with his card provider and so, I don't think I'm able to say PayPal's service has caused Mr L a financial loss.

And even in a situation where Mr L had made a partial payment on a credit card, and so was able to raise a section 75 claim, I don't think PayPal would be solely responsible for Mr L's failure to do so in time as it would've been Mr L's responsibility to ensure he did so within the cards relevant time limits. And while I think PayPal could've settled the SNAD claim sooner, there was nothing to prevent Mr L raising a section 75 claim earlier, if this is the route he wished to take.

Our investigator recommended that PayPal pay Mr L £100 to recognise the distress and inconvenience he's been caused. And I think this offer is a fair one which falls in line with our service's approach and one I would've directed; had it not already been made.

I think it adequately recognised the unnecessary delay in the closure of Mr L's claim with PayPal and the inconvenience this caused Mr L as he contacted PayPal for updates, as well as engaging in their claim process, when the claim was never likely to succeed. But I think it also considers the fact K were the ones responsible for the faulty goods and installation and that Mr K has been able to obtain a partial refund through other means.

My final decision

For the reasons outlined above, I uphold Mr L's complaint about PayPal (Europe) Sarl et Cie SCA and I direct them to take the following action:

- Pay Mr L £100 to recognise the upset and inconvenience he's been caused by the service they've provided.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 5 September 2022.

Josh Haskey
Ombudsman