

## **The complaint**

B complains PayPal Europe Sarl & Cie, SCA ("PayPal") restricted its account several times causing it financial loss.

## **What happened**

PayPal restricted B's account several times in February 2021 and March 2021. One of B's directors say they spent substantive time in contacting PayPal to sort this out but were given less than adequate answers.

B add the intermittent blocks on the account caused it to lose income. B complained about this. PayPal did not uphold the complaint and the matter was referred to this service.

One of our Investigator's looked into B's complaint. In summary, they found that in restricting B's account, and thereby blocking it, PayPal was fairly complying with legal and regulatory obligations it has to follow.

They also said PayPal does not need to explain its reasons for doing so, and that it acted without delay when carrying out its reviews. PayPal did however make an error when saying there was a 'glitch' in its system. Because of this they felt its offer of £50 compensation was enough for any inconvenience caused.

B did not agree with what our Investigator said. It felt compensation should be in the thousands of pounds given its financial losses - especially as PayPal had no grounds for taking the actions it did.

As B didn't agree, the complaint has now been passed to me – an Ombudsman – 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 that, I've decided to uphold B's 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 B's account. It's unfortunate the restrictions placed on B's account were intermittent, and over a couple of months. But I've looked closely at the reasons PayPal applied each restriction and having done that I'm satisfied it acted fairly on each occasion.

I note B feels PayPal had no reasonable basis to take the actions it did. Neither PayPal nor I are under any obligation that I'm aware of to disclose the reasons. I appreciate B will find this inadequate. But, as I've already said, I'm satisfied PayPal had reason and concern enough to place the restrictions as it did.

I'm also satisfied each review was carried out without undue delay. But it's clear some of the advice given to B on phone calls was erroneous and unhelpful. I think £50 is fair compensation for this – especially as PayPal did nothing wrong in carrying out the reviews and the speed in which they were carried out.

### **My final decision**

For the reasons above, I uphold this complaint in part. PayPal Europe Sarl & Cie, SCA should put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 28 October 2022.

Ketan Nagla  
**Ombudsman**