

## **The complaint**

Mr S complains PayPal (Europe) Sarl et Cie SCA (PayPal) put on hold a payment after they'd told him he'd receive the money within 24 hours.

## **What happened**

In March 2022 Mr S opened a PayPal account as a personal seller. And after making his first online sale he said he was asked to provide photo identification and the tracking number for the item to PayPal. He said after he'd supplied these, he got a message from PayPal that said he'd receive his payment within 24 hours. But several days later he still hadn't received the payment. He called PayPal and was told they were following their process and needed confirmation from the buyer that the delivery had been made before the payment would be released. And if there wasn't any contact from the buyer the payment would be released and he said he was given a date that was 17 days prior to his call. Mr S said when he questioned this, they hung up on him. He complained to PayPal.

PayPal said they'd followed their User Agreement policy which Mr S agreed to when he opened his account. And once they received confirmation from the buyer of receipt of delivery Mr S' funds would be released. And if they didn't hear back from the buyer Mr S' funds would be paid to him in early April 2022.

Mr S wasn't happy with PayPal's response he reiterated that PayPal told him the payment would be released within 24 hours. And they'd failed to address his customer service concerns. He also said PayPal should pay him interest for the time they held his money. Mr S referred his complaint to us.

Our investigator said PayPal had followed their User Agreement policy. And Mr S being a new seller had a limited history with PayPal. She said PayPal had acted fairly and reasonably in holding the payment pending confirmation of delivery, and the potential for buyer dispute. Mr S didn't agree and asked for an ombudsman to decide.

I issued a provisional decision in October 2022 that said:

## **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 currently minded to partially uphold this complaint. I'll explain why.*

*It's not in dispute that Mr S had a PayPal account. And to open his PayPal account Mr S would have had to agree to PayPal's User Agreement policy and as part of that their Seller Protection Program. So, in reaching my decision I've considered whether PayPal have acted fairly and reasonably in applying this policy. For me to ask them to do something differently I must be satisfied that they'd done something wrong.*

*Mr S has shown the message he received from PayPal about the transaction, it said:*

*"You have successfully updated the shipping information. You'll get your money within 1 day of delivery"*

*Within the User Agreement policy there are PayPal's basic requirements about what constitutes proof of delivery. Which is documentation from a shipping company that includes, an online and verifiable tracking number, date of delivery and delivered status, and address details including an address for the recipient that matches the shipping address.*

*Mr S has given information as proof that the delivery was made. I can see this shows the shipping company, a tracking number and the date of delivery but doesn't show all the information outlined above. From what I can see the item was collected from the postal office and not delivered to an address.*

*While I can understand Mr S' expectation that his money would be paid within one day as he'd evidence the delivery had been made. His proof of delivery doesn't fully satisfy PayPal's basic requirements which he agreed to when he opened his account. I think the message gives an indication of when a payment will be made. But the screenshot Mr S has sent us showing the message, doesn't show that the item has been delivered. And I can see it shows under the buyer's name "On Hold" .*

*PayPal said they placed the payment on hold pending confirmation from the buyer that delivery had been made. I've considered PayPal's User Agreement policy and this says "hold is an action that PayPal may take under certain circumstances either at the transaction level or the account level. When PayPal places a hold on a payment amount, the money is not available to either the sender or the recipient. PayPal reviews many factors before placing a hold on a payment, including account tenure, transaction activity, business type, past customer disputes, and overall customer satisfaction."*

*And goes on to give specific examples of when this could happen, one of which is:*

*"A user has not provided sufficient Information to us to enable us to verify their identity or the identity of their business and/or the user has a limited trading history with PayPal."*

*Mr S did have a limited trading history, as he's said this was his first online sale. So, I don't think PayPal acted unfairly or unreasonably in applying the terms of their User Agreement policy.*

*But when Mr S called to find out why his payment hadn't been released to him. I don't think this was clearly explained to him. Having listened to the call he's only told that PayPal were following their process in waiting for the buyer to confirm delivery. I can understand Mr S' frustration as he'd provided the tracking information that showed to him the item had been delivered. But the reasoning for his payment being placed on hold wasn't explained to him. And in the call, he was told a date that the money would be released to him, which was a date which had already passed. When Mr S challenged this the call ended. I can't know whether the call was terminated by PayPal, or the line simply got disconnected, but listening to the call I think the former is most likely what happened. I haven't seen any evidence that PayPal tried to call Mr S back.*

*Mr S has also shown he experienced further difficulties in trying to contact PayPal about the issue. So overall, I think Mr S experienced poor customer service, and this caused him unnecessary distress and inconvenience.*

*Mr S has asked that PayPal pay interest for the time when they'd placed the payment on hold until it was released. PayPal's User Agreement policy says:*

*"You will not receive interest or any other earnings on the money in your account. This is because the money in your account is electronic money and applicable laws forbid paying interest on electronic money."*

*So, I don't think PayPal has acted unfairly or unreasonably as they have adhered to their User Agreement policy.*

### **Responses to my provisional decision**

Neither party asked for any further representations to be considered.

### **My final decision**

I partially uphold this complaint. And ask PayPal (Europe) Sarl et Cie SCA to pay Mr S £50 for the distress and inconvenience their poor customer service caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 November 2022.

Anne Scarr  
**Ombudsman**