

The complaint

Mr M complains PayPal (Europe) Sarl et Cie SCA won't let him withdraw funds from his PayPal account in US dollars

What happened

Mr M said he'd US dollars paid into his personal PayPal account, and he wanted to withdraw the funds in the same currency. But he said PayPal said the funds had to be exchanged into the currency the account had been opened with. Mr M said this meant PayPal charged him significant conversion fees. Mr M said he'd linked a funding source to his account for US dollars but still PayPal are charging him fees. Mr M also said he'd been given conflicting information about what he needed to do to resolve the issue. He complained to PayPal.

PayPal said the withdrawal of US dollars to a US dollar funding source without incurring a conversion fee wasn't an option for a UK PayPal account. They said Mr M could hold, send and receive US dollars on his PayPal account. And he can use his US dollar funding source to fund US dollar transactions. But any withdrawal made on his UK PayPal account would convert to British pounds sterling (GBP) which is the opening currency of the account and the transaction exchange rate would be used to convert from US dollars to GBP.

Mr M wasn't happy with PayPal's response and referred his complaint to us.

Our investigator said that PayPal had acted in accordance with their User Agreement in converting the US dollars into GBP. But he said PayPal's customer service had been poor as the conversion process had been poorly explained to Mr M caused confusion and expectations for Mr M in being able to withdraw the funds in the currency of his choosing. Our investigator said PayPal should compensate Mr M £100 for the distress and inconvenience this caused.

PayPal didn't agree they said the process had been fully explained to Mr M but he hadn't accepted this and kept trying to find alternative ways of being able to withdraw the funds in US dollars. PayPal asked for 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 so I uphold this complaint. I'll explain why.

When Mr C opened his account with PayPal he would have agreed to their User Agreement. So I've considered its terms and conditions when reaching my decision.

PayPal's User Agreement says:

"You may only withdraw PayPal balance in the opening currency of your account, unless we agree otherwise. In order to withdraw PayPal balance held in another currency you will have

to convert the currency to the opening currency of your account, or it will be converted for you at the time of your withdrawal. Our transaction exchange rate will be used.”

And goes on to explain that:

- *A PayPal balance held in a currency other than the original opening currency of your account, the conversion into your original opening currency will be performed using our transaction exchange rate.*
- *To a funding source (for example, bank account or card) denominated in a currency other than the original opening currency of your account, the conversion into the currency in which the funding source is denominated will be performed using our transaction exchange rate.*

So I'm satisfied PayPal are clear in their terms and conditions about how and in what currency Mr M could make withdrawals. And that any conversion would incur an exchange rate fee.

I've considered what happened when Mr M contacted PayPal to see if there was a way for him to withdraw funds without incurring a fee.

From PayPal's records I can see that Mr M was told the information as outlined above. But I can see when he asked about the impact of having a US dollar account, he was also told he would be able to withdraw US dollars to a US dollar account. And it was this that I think caused the confusion as from here Mr M tried to add a US dollar account (credit card) to his UK PayPal account.

PayPal's User Agreement says:

“We may configure your account further so that you can use it to store money and send and receive payments in currencies other than the opening currency of your account.”

But while Mr M can store, send and receive payments in currencies in his UK PayPal account other than the opening currency, for Mr M to withdraw money from his UK PayPal account, as outlined previously it can only be in the opening currency of his account.

But when Mr M was told he'd be able to withdraw US dollars to a US dollar account I can see he understood this to mean he could withdraw the US dollars through his US dollar credit card. I can see this caused Mr M some distress and inconvenience as he followed the instructions he was given thinking that this would enable him to withdraw the funds in his chosen currency only to have payments blocked and denied.

So I agree with our investigator that PayPal didn't provide a clear explanation to Mr M which caused him unnecessary distress and inconvenience. And PayPal should pay Mr M £100 for this.

My final decision

I uphold this complaint. And ask PayPal (Europe) Sarl et Cie SCA to pay Mr M £100 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 January 2023.

Anne Scarr
Ombudsman