

The complaint

Mr G complains that PayPal (Europe) Sarl et Cie SCA refunded a buyer under its buyer protection policy without requiring them to return the item he had sold them. Mr G says this left him without the items or the payment.

What happened

In mid-2022, Mr G received a payment of £4,400 into his PayPal account after selling an item online. A few weeks later the buyer raised a dispute under PayPal's Buyer Protection policy, claiming the item was significantly not as described.

PayPal says the dispute was escalated to a claim after the matter couldn't be resolved amicably between Mr G and the buyer. It says that as Mr G didn't respond to its request for information, the case was closed in the buyer's favour. PayPal refunded the buyer £4,400, without requiring them to return the item to Mr G.

Mr G says the buyer didn't return the item, so he had lost this as well as the payment. He complained to PayPal but the matter wasn't resolved. So, he asked our service to consider his concerns.

Our investigator thought Mr G's complaint should be upheld. He didn't think PayPal had acted fairly towards Mr G and recommended it refund him for the item he had sold.

PayPal disagreed with our investigator's outcome. It said it had acted in line with its user agreement. It said the claim had been closed correctly as Mr G hadn't responded to it once the dispute was escalated to a claim. So, the complaint has been passed to me 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've decided to uphold Mr G's complaint. I'll explain why.

PayPal says the buyer opened the dispute on 17 June 2022. This was escalated to a claim on 24 June 2022, at which point PayPal says it stepped into investigate.

I can see that PayPal notified Mr G that the dispute had been escalated to a claim and sent him reminder emails on 28 June and 2 July. PayPal says that Mr G didn't respond, so it closed the case in the buyer's favour on 4 July, without requiring them to return the item. Both parties have provided information that shows Mr G agreed to refund the buyer if he sent the item back before the buyer escalated the dispute to a claim. The buyer requested his return address, and this was provided by Mr G on 18 June 2022.

PayPal's email of 24 June 2022 says: *"The buyer opened a claim. The buyer stated that the item was defective or not as described... Please help us to resolve this issue by logging into*

the Resolution Centre and providing us with any information that can assist us with our investigation.”

Given that Mr G had already agreed to refund the buyer, I don't find it surprising that he might not have felt the need to respond to PayPal. He doesn't appear to have intended to dispute the buyer's claim that the item wasn't as described.

PayPal says the buyer was ready to return the item but was waiting for Mr G to respond to a question they appear to have asked a few days after the dispute was escalated to a claim (on 27 June 2022): *“Can you please confirm this is the complete address below to send it to, including post code?”*

I note that Mr G didn't include the post code when he provided his address to the buyer. However, I think this issue could easily have been resolved if PayPal had asked Mr G for specific information. The reminder email PayPal sent on 28 June says: *“If you have any additional supporting documentation to help us resolve this case, please log into your PayPal account and go to our Resolution Centre to send it to us before 4 July 2022”*. There's no mention of what was required in this email or the final reminder sent on 2 July.

PayPal has acknowledged having Mr G's return address on file, but it says it doesn't select the customer's address they wish the return to be sent to. Given that Mr G had already told the buyer where he wanted the item returned to, it's unclear why PayPal couldn't have confirmed the post code and asked the buyer to return the items.

I can see that PayPal informed Mr G that the case would be closed in the buyer's favour if he didn't respond to its emails by 4 July 2022. The emails also say that PayPal cannot guarantee the return of Mr G's goods if the case is found in the buyer's favour. However, not guaranteeing the return isn't the same as not requesting that the goods be returned.

PayPal's user agreement says that if a buyer is filing a Significantly Not as Described claim, *“PayPal may require (them), at (their) 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 haven't seen anything to suggest that PayPal requested the buyer return the item to Mr G or anywhere else before processing the refund.

Mr G has sent us recordings of telephone conversations he had with PayPal after the case was closed in the buyer's favour. In these calls the address was discussed, and PayPal agreed to re-open the dispute, assuring Mr G that the refund hadn't been issued to the buyer. However, PayPal's records suggest that Mr G's appeal was rejected without any further consideration to what he had said.

Having considered what happened, I don't think PayPal has treated Mr G fairly. As PayPal refunded the buyer without requiring them to return the item to Mr G, he was left without the item or the payment. So, I think it would be fair for PayPal to reimburse Mr G the amount that it refunded to the buyer (£4,400).

Putting things right

PayPal should pay Mr G £4,400.

My final decision

For the reasons I've explained, I uphold Mr G's complaint and direct PayPal (Europe) Sarl et Cie SCA to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 11 January 2023.

Anne Muscroft
Ombudsman