

## The complaint

Mr E complains that PayPal (Europe) Sarl et Cie SCA blocked a payment he wanted to make but didn't alert him to this which led to the payment being taken several times. He'd like to be compensated for the inconvenience.

## What happened

Mr E attempted to make a purchase on a website, which had his PayPal account as a linked payment method. The website told him there was a problem with his payment, so he attempted it again several times without success. However, he later found several transactions for this amount has pending on the cards linked to his PayPal account.

Mr E got in touch with PayPal. He was told his account was restricted. To unlock the account, they wanted Mr E to provide the date of birth of a third party listed as the recipient of the goods for the transaction. Mr E didn't agree to this, as he didn't want to share someone else's personal information and thought it would breach data protection legislation. Several of the pending transactions were returned to Mr E, but two payments remained. Mr E raised a complaint with PayPal.

PayPal initially didn't think they'd done anything wrong. But later they released the held payments back to Mr E, and allowed him use of the account. They also offered £150 compensation as a gesture of goodwill.

Unhappy with this Mr E referred the complaint to our service. Our investigator thought that PayPal should pay £300 compensation – reasoning that they didn't think it was fair that Mr E was asked for a third party's information to release the payment, or that it was fair of PayPal to accept multiple payment attempts when the first one had already been flagged for review.

Mr E accepted this as an outcome, but PayPal disagreed. They said their terms allowed them to ask further information from Mr E, and didn't think more compensation was warranted. As no agreement could be reached the case has been passed to me to decide.

Having reviewed the evidence, I felt the compensation already offered was reasonable. I issued my provisional decision which said:

*Looking at PayPal's terms they do say they can request further information from consumers. This is in line with their legal and regulatory obligations. They haven't done anything wrong by this.*

*PayPal have provided the notice they sent to Mr E asking for further information – although I note this is from the day after the transactions were attempted. Had this been sent after the first transaction was held, Mr E may not have attempted any further transactions.*

*While PayPal can request information, I note that they asked Mr E to provide the date of birth of a third-party. Mr E declined to do so, mentioning he was concerned this breached the relevant data protection legislation. While I can't make a firm finding on whether this would be a breach of the legislation – this would be for the courts to say – I accept a date of birth*

*would be considered personal information of the third party. So, I understand Mr E's concern – it's not his information to give out. I'm not persuaded this was an appropriate question to ask in the circumstances, and it was unreasonable to expect Mr E to answer it.*

*When Mr E made it clear he wouldn't provide the information then PayPal are still within their rights to decline to process the transaction. However, I would expect them to release any held or pending transactions as soon as possible – to allow Mr E to make any alternative arrangements to pay the merchant. But there is a delay of several weeks before the funds are available to Mr E again, which I don't consider reasonable. I've not seen anything to suggest this was a necessary delay. I can see from the chat logs how frustrated this left Mr E.*

*Taking this all into account I consider it right that PayPal pay Mr E compensation for their failings. PayPal have already offered £150 as a gesture of goodwill for a poor experience. I've gone on to consider the impact. Mr E has lost out on the item he was looking to purchase, but I note this was to be sent to the third-party. And while releasing the funds back to Mr E took longer than I'd consider reasonable, it wasn't for an extended period of time. After considering the delays and the unreasonable line of questioning, I'm satisfied that the amount of £150 is a reasonable reflection of the distress and inconvenience caused to Mr E.*

PayPal accepted this as an outcome. Mr E said that it was PayPal's actions that led to several payments being taken, and that they'd asked for the third party's personal information before they would release the funds. He felt this was blackmail. But he confirmed he had nothing further to add.

### **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 satisfied that the conclusions I reached in my provisional decision are reasonable. While it was fair for PayPal to restrict Mr E's account while they carried out additional checks, they should have been more proactive in contacting him. This likely would have prevented further payments from being attempted, and more money being held.

I agree with Mr E's point that the information PayPal asked for was inappropriate, and when he declined to provide it PayPal should have released the funds then. The fact that they continued to hold funds past this point isn't fair to Mr E. Overall I'm satisfied PayPal haven't behaved reasonably, and that Mr E is due compensation for the inconvenience caused.

Mr E hasn't suggested he suffered any specific financial loss aside from the money which PayPal were holding – which was later returned. So, when considering compensation our service is empowered to deliver fair compensation, based on the impact a business' error has had on the consumer. I accept what Mr E has said about finding the experience incredibly stressful – and I can see from the chat logs why it would be so stressful – but this didn't go on for an extended period of time.

I want to assure Mr E that I'm not dismissing his feelings or arguments – I broadly agree with his overall complaint. But when weighing up the impact I find that the compensation already on offer from PayPal is appropriate.

### **My final decision**

My final decision is that PayPal (Europe) Sarl et Cie SCA must pay Mr E £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 20 February 2023.

Thom Bennett  
**Ombudsman**