

The complaint

Mr B is unhappy with how PayPal (Europe) Sarl et Cie SCA dealt with a dispute raised under PayPal's buyer protection programme.

What happened

Mr B found an item on an online marketplace, which he wished to buy. He contacted the seller of the item and asked a few questions about the item. And then agreed to purchase it. The cost to Mr B was £1,285, which included a cost for shipping. Mr B paid through PayPal.

The seller asked Mr B to send screenshots evidencing he had sent the above payment. Mr B did this and was told by the seller that the item was to be dispatched to him the following day.

But the item wasn't dispatched. Instead, Mr B said he received communication from PayPal, noting that Mr B had raised a dispute, under PayPal's buyer protection programme. But, instead of the dispute being raised for the full cost of the item, the dispute had been raised for £20.

Mr B has explained that he contacted PayPal and explained that he hadn't raised the dispute. He felt a third party (perhaps the seller) had done this. Mr B raised concerns about the legitimacy of the transaction. And said that any dispute should be for the full transaction amount anyway.

Mr B said PayPal didn't act on the concerns he had raised. Instead, it processed the dispute, as one for £20. The dispute was successful, and the £20 refunded. Mr B didn't agree this was the right thing for PayPal to have done. He therefore raised his concerns with PayPal – but its position on the matter didn't change. Mr B sought a chargeback through his bank for the funds he had lost – which was successful.

As Mr B remained dissatisfied with PayPal's position on the matter, he referred his complaint to this service for an independent review. Mr B explained to this service that he wanted PayPal to compensate him for the stress and effort he'd had to go to, to get his money back. He said these problems were due to security issues PayPal had. He considered the amount he said was stolen from him, to be fair and reasonable compensation.

Our investigator considered this complaint and didn't think it should be upheld. They said they hadn't seen PayPal had done anything wrong, as there was no evidence of third-party activity on Mr B's account. Meaning that there wasn't evidence that another party raised the dispute for £20. Our investigator said PayPal dealt with the dispute as it should have done and refunded the £20 disputed. In addition to this, they said Mr B hadn't been financially impacted by the situation, as he had received his money back through his bank anyway.

Mr B didn't agree. He reiterated his concerns about someone else raising the dispute. And noted he didn't raise it himself. Mr B provided itemised telephone bills, and an explanation of what calls he had made to PayPal, to explain that he hadn't raised the dispute himself.

Because Mr B didn't agree, this complaint has been referred to me to decide.

I issued a provisional decision on this complaint. In this I said:

"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 intending on upholding this complaint in part, and requiring PayPal to pay Mr B £100 compensation. I've explained why below.

PayPal's buyer protection programme explain that a buyer may be eligible for a transaction refund, in certain circumstances. These specific circumstances include where an item is received but is 'significantly not as described' or where the item was not received.

In Mr B's case, I'm aware a "significantly not described" claim was raised for an item Mr B had purchased on 11 April 2022. I've therefore considered whether PayPal acted fairly in how it dealt with this claim, in light of what Mr B has said above.

PayPal has explained that the initial claim raised was for £20. And Mr B said he received communication from PayPal, saying the same. But Mr B said he didn't raise this initial claim. And not for that amount. So, I've thought about this.

I recognise that Mr B has said he didn't raise the matter. But I don't think this means PayPal acted unfairly when the claim was first raised. I've seen screenshots of PayPal's system, which shows a dispute was raised through its system, via Mr B's mobile number. So, I don't think PayPal acted unfairly in processing the claim as instructed to. It said there was no indication that Mr B hadn't raised the matter. And I haven't seen any evidence that might have suggested this to PayPal either. So, I don't think it acted unfairly in opening the claim and starting to look into it, considering it seem to come from Mr B.

I do however think PayPal could have provided a better service to Mr B following his conversations with it on 12 April 2022. I've listened to call recordings of conversations Mr B had with PayPal on this date. He contacted it and said he hadn't raised the dispute. He did confirm he wanted a dispute raised now, but for the full amount (£1,285), given that he wasn't going to be receiving the item he had purchased. So, I think it was right for PayPal to continue considering the dispute.

But, at this point PayPal told Mr B it would update the claim to the full transaction amount, rather than the £20. And it assured Mr B the whole amount was placed on hold. However, it doesn't appear the amount claimed for was updated as Mr B was told. I say this because when Mr B was provided with the outcome to the claim, it was awarded in his favour, but for only £20. This meant the remainder of the transaction hadn't been considered, and Mr B wasn't provided with this.

I've also seen a further online chat with PayPal on 24 April 2022, a few days after the outcome of the dispute was communicated to him. Mr B raised that the dispute shouldn't have been for £20. PayPal then told him:

"I see that the case has been closed in your favour and a refund has been processed by the seller for the same. Our policy does not allow us to change the dispute amount, if, there is an error when filing the dispute initially.

We request you contact the merchant and work with them for rest of the refund associated in this regard."

Given the above, I do think Mr B received potentially incorrect information when speaking to PayPal on 12 April 2022. He was led to believe a claim for the whole amount was to be considered, but that wasn't the case.

PayPal has said that Mr B could have appealed its initial decision on his claim. But it hasn't provided anything that shows me Mr B was told this. And the above online chat tells Mr B to take the issue up with the merchant. So, I can appreciate why Mr B felt there was no further avenue to pursue through PayPal.

Mr B did raise the matter with his card issuer and received a refund for £1,265 through his card provider. Meaning Mr B did ultimately get the full transaction amount back. So, I don't think PayPal needs to do anything more in respect of that. It wouldn't be fair to ask PayPal to pay this to Mr B too. The terms of the PayPal buyer protection state you can't receive the sum both from it, and from the card provider. And it wouldn't be reasonable for Mr B to benefit from the issue.

But I do think it would be fair and reasonable for PayPal to pay some compensation to Mr B. I've thought about what fair and reasonable compensation looks like in this case, considering the impact of the situation on Mr B. And I'm satisfied £100 is a fair and reasonable amount. So, that's what I intend to award. I consider this to be fair, as it isn't this service's role to punish a business. And I think the £100 fairly recognises the trouble and inconvenience Mr B experienced by receiving the above misinformation."

Both parties responded to my provisional decision and agreed with it.

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 this complaint in part, and require PayPal to pay Mr B £100 compensation.

There hasn't been any further comments or evidence from either party, to alter my findings on this complaint, or the reasoning for it. And so, my decision remains the same as that in my provisional decision, and for the same reasons.

My final decision

Given the above, my provisional decision is that I intend on upholding this complaint in part and requiring PayPal (Europe) Sarl et Cie to pay Mr B £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 April 2023.

Rachel Woods
Ombudsman