

The complaint

Mr N complains about a limitation and a returned payment on his account with PayPal (Europe) Sarl et Cie SCA ("PayPal").

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my decision.

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 agree with the conclusions reached by the investigator for these reasons:

- For me to say PayPal did something wrong when limiting an account, I'd need to be satisfied that they failed to act within the terms of the account's User Agreement. Or, if I feel like they did work within these, that it was unfair for it to limit the account in the circumstances of this complaint. And in this situation, I don't think that's the case.
- I've seen the reasons for the limitation on Mr N's account and I'm satisfied these are fair and in keeping with the terms of the User Agreement.
- Having said that, PayPal did reverse a payment that Mr N didn't ask it to when he reported a dispute on another transaction. This payment was for Mr N's car insurance, and I can understand the trouble and upset this caused Mr N when PayPal refused to reverse it.
- Although Mr N himself was unable to make the payment again because of the limitation, PayPal should've sent the payment back to the merchant when Mr N notified it of the mistake.
- PayPal also withheld the money for a period which caused Mr N to further worry. I'm satisfied this payment shouldn't have been included in the money held by PayPal as part of the limitation of the account and Mr N should be compensated given what I've said above.
- Having considered the initial mistake and the impact it had, and the delays in returning the money to Mr N, I find the £150 the investigator has recommended fairly compensates Mr N for the trouble and upset it caused.

Putting things right

PayPal should pay Mr N £150 compensation for the reasons I've given above.

My final decision

My final decision is that I uphold this complaint against PayPal (Europe) Sarl et Cie SCA and direct it to pay Mr N £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 14 August 2023.

Tom Wagstaff
Ombudsman