

The complaint

Mrs A is unhappy that PayPal (Europe) Sarl et Cie SCA won't reimburse her for an item she paid for but which she never received under their Buyer Protection Scheme.

What happened

Mrs A bought a TV for which she paid £680 using her PayPal account. Mrs A went to collect the TV with the intention of scanning a QR code provided by PayPal as proof that she had received the item. However, when Mrs A arrived to collect the TV, she noticed it was damaged and so didn't accept it and left it with the seller.

Mrs A asked the seller to refund the money she'd paid for the TV, but the seller refused. So, Mrs A asked PayPal to reimburse the money she'd paid for the item she'd never received via their Buyer Protection Scheme. But PayPal said that Mrs A wasn't covered by their scheme and so refused her request. Mrs A wasn't happy about this, so she raised a complaint.

PayPal responded to Mrs A and said that because she had gone to collect the TV, she wasn't covered by their Buyer Protection Scheme. Mrs A wasn't satisfied with PayPal's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. They noted that PayPal's Buyer Protection Scheme did provide protection to customers who collected items and used a QR code to confirm collection. Mrs A had a QR code, but because the TV was damaged and she didn't take it, she didn't use it. As such, our investigator didn't feel it was fair that PayPal would decline Mrs A's claim and they recommended that PayPal reimburse Mrs A the £680 she had paid along with a further £50 as compensation for the trouble and upset PayPal had caused her by not accepting her claim.

PayPal didn't agree with the view of this complaint put forward by our investigator, so the matter was escalated to an ombudsman for a final 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.

I'm satisfied from the information presented to this service that Mrs A did go to collect the TV that she paid for but that she didn't accept the TV because it was in a damaged state and that she left the TV with the seller.

PayPal have said that Mrs A isn't eligible for a reimbursement of the £680 she paid the seller because she went to collect the item. This is because PayPal's Buyer Protection Scheme stipulates that a claim won't be successful if a buyer collects a bought item in person.

But PayPal's terms also stipulate that the in-person collection exemption doesn't apply if a QR code is used to confirm collection. And Mrs A had a QR code, which I'm satisfied from her testimony she intended to use, but which she reasonably and understandably didn't use

because she ultimately didn't collect the TV, having seen that it was damaged.

It seems unfair to me that PayPal would, in all likelihood, as per the terms of their Buyer Protection Scheme, have honoured Mrs A's claim if she'd scanned the QR code – confirming collection of the damaged TV – and then claimed a reimbursement on the basis that the TV was damaged and so was received by her significantly not as described.

In the scenario described above, Mrs A would have needed to have returned the TV to the seller. But there was no need for Mrs A to have done this because she didn't accept or receive the TV because it was in a damaged state at the point of collection. And it makes sense to me that Mrs A would not have accepted a damaged TV and would have sought a reimbursement of the money she'd given to the seller for that TV.

As such, it seems unfair to me that PayPal would decline Mrs A's claim for a reimbursement under their Buyer Protection Scheme, seemingly on the basis of a loophole. And this is because I feel that the actual circumstances of Mrs A's claim – that a seller has refused to reimburse her for a damaged item which she didn't accept from the seller because it was damaged – is clearly the type of scenario that PayPal's Buyer Protection Scheme purports to protect its account holders from.

Finally, PayPal haven't provided any additional reason for declining Mrs A's claim beyond their taking the position that Mrs A going in person to collect the item and not scanning the QR code means that she isn't eligible for reimbursement under their scheme.

All of which means that I'll be upholding this complaint and instructing PayPal to reimburse Mrs A the £680 that she paid the seller for the TV she didn't receive. PayPal must make this reimbursement to Mrs A within 30 days of being informed that Mrs A has accepted this final decision, should she choose to do so.

Additionally, it's clear that PayPal's actions here have caused Mrs A an amount of trouble and upset that, by any reasonable standard, she shouldn't have had to incur. Because of this, my instructions to PayPal also include that they must make a further payment of £50 to Mrs A, as compensation for the worry and inconvenience they have caused.

Putting things right

PayPal must reimburse £680 to Mrs A within 30 days of being informed that Mrs A has accepted this final decision, should she choose to do so.

PayPal must also make a further payment of £50 to Mrs A.

My final decision

My final decision is that I uphold this complaint against PayPal (Europe) Sarl et Cie SCA on the basis explained above,

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 17 November 2023.

Paul Cooper
Ombudsman