

The complaint

Mrs C complains that PayPal (Europe) Sarl et Cie SCA ("PayPal") won't remove the restrictions placed on her account without receipt of personal documentation relating to her husband whose card details had been added to the account. Mrs C wants her account restored or closed without providing the documentation requested.

What happened

Mrs C holds a PayPal account. Mrs C added her husband's card details to the account. Following a review of Mrs C's account PayPal added a limitation to Mrs C's account and emailed her requesting a number of personal documents from Mrs C's husband in order to verify his identity. Mrs C's husband didn't want to provide the details requested due to data security concerns so Mrs C asked PayPal to delete his card or close her account – which PayPal refused to do.

PayPal says it has an obligation to comply with regulatory and banking policies and says it will only remove Mrs C's husband's card or close the account once it receives the relevant documentation requested as it needs to verify certain information about her and users listed on her account. PayPal say it is acting in accordance with its user agreement and hasn't done anything wrong.

Mrs C was dissatisfied with this. She says the decision to suspend her account was taken out of the blue and not in response to her husband's card being added – as his card was added several years ago. She says PayPal are being unreasonable in not removing her husband's card or not closing the account and feels stuck in limbo. Mrs C brought her complaint to this service.

One of our investigators looked into Mrs C's concerns and reached the conclusion that PayPal was being unreasonably rigid in the application of its user agreement and that it was unreasonable for it not to remove Mrs C's husband's card from the account especially as it is demanding personal information from someone who is not its customer. They thought PayPal should just remove the husband's card or close the account.

PayPal disagreed. It says it is acting in accordance with its user agreement and hasn't done anything wrong and have asked for an ombudsman's 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.

My role here is to look at problems that Mrs C has experienced and see if PayPal have done anything wrong or treated Mrs C unfairly. Mrs C complains that PayPal are being unreasonable and treating her unfairly by refusing to remove her husband's card from her account or to close her account without receiving the documentation it requested.

And having considered everything provided, I have to agree.

I fully appreciate PayPal's need to ensure it complies with its regulatory and banking policies – in this case PayPal says it needs to satisfy itself of its users identity (including Mrs C's husband) - and usually I'd agree. But in this case Mrs C's husband is not the account holder or customer using the account and Mrs C is asking that her husband's card be removed. So I fail to see why PayPal has the need to see or retain any of Mrs C's husband's personal information. Indeed, by holding on to it this may be a breach of other regulations and laws.

I accept that by asking for this information PayPal have not done anything wrong and that initially when it carried out its review PayPal may well have needed this information. But things have now moved on and Mrs C is asking that as her husband won't authorise her to provide his personal information that PayPal just remove his card from the account or close the account.

PayPal has been offered a practical solution to resolve its customers complaint and for reasons that are unclear it refuses to move from its stance and resolve the matter. I think this is unreasonable and I don't think it's fair to ask Mrs C to provide information which she isn't authorised to provide and which I'm not satisfied PayPal needs.

So it follows that I uphold Mrs C's complaint and direct PayPal either remove Mrs C's husband from her account and lift the limitations imposed or close the account.

My final decision

For the reasons I've explained I've decided to uphold Mrs C's complaint and direct PayPal (Europe) Sarl et Cie SCA put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 5 December 2023.

Caroline Davies
Ombudsman