

The complaint

Mr S complains about a payment that was taken from his credit card by PayPal (Europe) Sarl et Cie SCA ("PayPal") after it was removed from his account.

What happened

Mr S made a payment for a purchase that he later reported as a potential fraud. PayPal told Mr S that he was not covered by its Buyer Protection Scheme as the payment was made as a friends and family transaction. Mr S then contacted his bank for a refund and as this was also declined, PayPal attempted to take the payment from Mr S's bank account. PayPal says the attempted payment was refused by the bank, so it used Mr S's secondary payment method which was his credit card.

Mr S complains that he had removed his bank account details and credit card from his PayPal account two days before the payment was taken. So, he says PayPal have broken General Data Protection Regulation (GDPR) rules when it used details it no longer had or were authorised to use. So, Mr S logged a complaint with PayPal.

PayPal looked into the complaint but didn't think it had done anything wrong. It said the payment was initiated before the account and credit card details were removed. It also said it had made the payment immediately to the recipient when Mr S authorised it, and in good faith, so it needed to recover the funds. So, Mr S brought his complaint to our service.

Our investigator looked into the complaint but didn't think it should be upheld.

Our investigator found that as the credit card details were on Mr S's PayPal account when the payment was made, PayPal had not done anything wrong by taking the payment after the details had been removed. Our investigator also found Mr S had received a full refund of the money, so there was no monetary loss.

Mr S did not agree with the investigator's view. So, the complaint's been passed to me 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.

Having done so, I have come to the same outcome as the investigator for largely the same reasons. I'll explain why.

I am very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the

courts.

Mr S has had a refund of the money he sent, so I don't find I need to investigate or make a finding on the buyer protection Mr S initially reached out to PayPal to use. Having said that, I'm satisfied that what is and what isn't covered under the protection is contained in the User Agreement Mr S signed up to when he opened the account.

Mr S is unhappy his credit card details were used to initially take the payment though, and he says PayPal have broken GDPR rules by doing so.

There doesn't appear to be any dispute between Mr S or PayPal that the credit card details were uploaded to Mr S's account as a secondary payment source. I'm satisfied that having looked through the User Agreement, this can be used if the primary source failed, as it did in the circumstances of this complaint.

But Mr S complains that he removed the credit card details two days before they were used.

When Mr S made the payment on 06 August 2023, he authorised PayPal to pay the recipient and in turn allow PayPal to recover the money by charging one of the funding sources he had listed on his account. It's common for PayPal to pay a recipient and request the payment up to five days later, as it did here. When PayPal did request the money from Mr S's bank, the request was declined, and his secondary funding source automatically charged.

Having considered the above, I am satisfied that PayPal haven't acted outside of the User Agreement or unfairly by taking the payment, even when the details had been deleted. Mr S made the payment, and it was done so on the understanding that PayPal, would receive the funds. The payment was also started at the point all of Mr S's account details were held on his account. So, I find it fair they were used to credit Mr S's PayPal account and recoup the money it had sent.

I've also looked into the point Mr S has raised about PayPal breaching GDPR rules. Mr S hasn't said what part of the GDPR guidelines he thinks PayPal have broken, but having looked through them myself, I can't see anything that prevented PayPal from taking the payment in these circumstances from his credit card.

Although I understand why Mr S removed his payment details, to try and stop the payment being made, even if PayPal had decided not to take the payment from Mr S's secondary payment method, it would have created a debt on the account that would've needed to be paid. So, Mr S would have been in a similar position until the point the refund was received.

I understand Mr S has said he was speaking to PayPal for five days after he suspected he had been scammed, and PayPal would've had enough information to refer back to and realise it needed to stop the payment. I have considered this point carefully, but PayPal have said the payment had already been initiated and at this point they wouldn't have been unable to prevent the payment finalising. I am satisfied with this response and don't find PayPal have done anything wrong by completing what had been started. I am also satisfied that any notes that Mr S says PayPal hadn't kept wouldn't have had an impact here, given what I've said above.

PayPal did offer to refund Mr S as a gesture of goodwill, and the payment was reversed which left Mr S with his money back.

PayPal have also credited Mr S with £50 into his account, which it confirmed in a second Final Response Letter was for the inconvenience Mr S went through when raising the claim.

Although PayPal have been unable to supply any calls from the time in question, due to them not being recorded, given what both parties have said about the process of logging the claim and the time it took, I'm satisfied £50 is in line with what I would've awarded for any trouble and upset the process may have caused.

In summary, I've not found PayPal have done anything wrong or acted unfairly in the circumstances of this complaint. And it follows that I will not be asking PayPal to pay Mr S any more compensation.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 March 2024.

Tom Wagstaff
Ombudsman