

The complaint

Mr P complains that his account with PayPal (Europe) Sarl et Cie SCA ("PayPal") was limited then closed.

What happened

In July 2023 PayPal reviewed Mr P's PayPal account and decided to put a limitation on. So, Mr P complained to PayPal.

PayPal looked into the complaint but didn't uphold it or agree to reopen Mr P's account. So, Mr P brought his complaint to our service.

Our investigator looked into the complaint but didn't think it should be upheld. Our investigator found PayPal had valid reasons for the limitation and this didn't go against the User Agreement that Mr P signed up to when he opened the account.

Mr P didn't 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've come to the same outcome as the investigator for largely the same reasons. I'll explain why.

For me to say PayPal did something wrong, I'd need to be satisfied that it failed to act within the terms of the account's User Agreement. Or, if I feel like it did work within these, that it was unfair for it to limit the account and withhold funds in the circumstances of this complaint. And in this situation, I don't think that's the case.

It's common industry practice for firms to monitor accounts for activity which may fall outside their risk appetite, and accounts will often be restricted to prevent potential losses while conducting a review. PayPal's User Agreement allows it to limit and close accounts at its discretion under several different circumstances. One of those is where PayPal deems the account to be a risk to its business, as it has done here.

In the circumstances of this complaint, Mr P has complained that his account was limited and payment's he received were held by PayPal whilst they reviewed his account.

The parameters PayPal use to flag an account for additional checks isn't something it needs to disclose. Having seen and considered the reasons for PayPal deciding to limit and then close Mr P's account, I'm satisfied they haven't treated Mr P unfairly.

Mr P has complained that as part of the limitation, his funds were held. This is also covered in the User Agreement Mr P signed up to. It says:

Holds

A hold is an action that PayPal may take under certain circumstances either at the transaction level or the account level. When PayPal places a hold on a payment amount, the money is not available to either the sender or the recipient. PayPal reviews many factors before placing a hold on a payment, including account tenure, transaction activity, business type, past customer disputes, and overall customer satisfaction.

I'm pleased to see that Mr P's money was released in September 2023.

I understand Mr P has said what he is selling doesn't pose a risk to PayPal. I've considered this point carefully, but I'm satisfied that deciding on what does pose a risk to PayPal is its decision to make. PayPal can also decide who it wants to do business with. Our service wouldn't usually get involved in telling a business what its appetite to risk should be or who it should allow to have accounts. We can look at whether its followed its User Agreement and treated consumers fairly though, as I have done here.

In summary, although I know it will come as a disappointment, I'm not upholding Mr P's, complaint. In these circumstances I haven't found PayPal have acted unfairly or outside of the terms in the User Agreement for all the reasons mentioned above.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 30 May 2024.

Tom Wagstaff
Ombudsman