

The complaint

Mr B complains that PayPal (Europe) Sarl et Cie SCA ('PayPal') unfairly declined to refund the full amount he sent to pay for a financial product he did not receive.

He's unhappy that PayPal refunded one of two US Dollar payments he made (around \$1,180) but has refused his claim for the return of the other payment, leaving Mr B almost \$10,000 out of pocket. To put things right, he wants all his money back.

What happened

Mr B agreed to purchase a product he saw advertised online which appeared to offer trading advice and mentorship and the opportunity to invest around \$10,000. In May 2023, he made two payments from his PayPal account to another PayPal user. The payments were funded by his debit card, which was issued by a third party bank – the record Mr B has provided shows he marked this transaction as '*...investment money.*'

When Mr B didn't receive anything back from the seller and his money wasn't returned, in June 2023 he filed two claims under the PayPal Buyer Protection scheme seeking the return of the money he'd sent.

PayPal refunded the smaller of the two payments he'd sent but declined to refund the larger payment.

Our investigator looked into Mr B's complaint about what happened. He concluded that PayPal had been entitled to decline Mr B's refund application. He mainly said that the payments weren't eligible for cover under PayPal's Buyer Protection policy so he couldn't fairly tell PayPal to pay for something it didn't cover.

Mr B disagreed, saying, in summary, that he wants to know why PayPal returned his first payment but not the second and that PayPal should refund his account regardless.

So the complaint has come to me to decide.

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 sorry that Mr B has lost money here and I can appreciate why he feels so upset about what happened, particularly bearing in mind the amount of money involved. But, having thought carefully about everything, I agree with the investigator. I'll explain why.

It doesn't seem to be disputed that Mr B was responsible for authorising both these payments. It also looks like he was paying for something that could fairly be described as falling under the definition: '*Financial products or investments of any kind*'. I say this because, looking at the evidence Mr B has provided about the product he tried to buy, what he tried to buy is described as an 'investment' and the description of what was being offered seems to relate to financial products and services. Under 'PayPal's Buyer Protection Program', transactions of this type are not eligible for protection.

Mr B had to agree PayPal's terms and conditions when he signed up to the PayPal User Agreement in order to be able to use its payment services. So I don't find that PayPal made any error or did anything wrong when it concluded that Mr B wasn't entitled to have these payments refunded.

I am pleased that he's had the benefit of recovering some of his money. PayPal has explained that one of the payments was refunded as there was no response from the seller. It's also explained that the payment still wasn't eligible for a refund through the Buyer Protection policy – so there was no obligation on PayPal to have actually refunded this. The fact it did so though is helpful.

Even though PayPal decided to refund one of the payments Mr B made, this doesn't mean it's obliged to refund the other. That's because ultimately, neither payment was ever covered by the Buyer Protection policy here and so PayPal would never have been obliged to refund either of them. Nor do I think that it would be fair to expect it to have done so here – where the terms are clear about the exceptions to this policy.

This means I don't find that PayPal has acted towards Mr B unfairly or unreasonably. PayPal offers a buyer protection service which allowed Mr B to complain if he wasn't happy about something he'd paid for via PayPal. His claim was actioned promptly – Mr B applied to PayPal for a refund on 8 June, the payment that was refunded was paid to Mr B ten days later and on 22 June PayPal gave him its answer on his claim. PayPal explained that it was refusing Mr B's claim because it wasn't covered under the terms of PayPal's Buyer Protection policy. PayPal provided Mr B with onscreen links to useful information he might want to look at to help him understand the legal context and full reasons for the decision.

To sum up, after taking into account everything that Mr B and PayPal have told me, I haven't seen enough to show that PayPal did anything wrong or that it treated Mr B in a way that wasn't fair and reasonable.

So I can't uphold this complaint.

I hope that setting things out as I've done helps Mr B to understand how I've reached my conclusions and even though this isn't the outcome he hoped for, he will at least feel that his complaint has been fully considered by the Financial Ombudsman Service.

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 B to accept or reject my decision before 10 May 2024.

Susan Webb
Ombudsman