

The complaint

Mrs G has complained that PayPal (Europe) Sarl et Cie SCA ("PayPal") didn't refund her all of her money for goods that she returned to a seller.

What happened

On 5 February 2023 Mrs G purchased £191.86 worth of goods from an overseas retailer using her PayPal account. On the same day Mrs G submitted an 'items not received' claim and said that she'd been overcharged for the goods.

PayPal asked Mrs G for a copy of the receipt on 7 February 2023 so it could consider her claim. Mrs G contacted PayPal about this matter on 13 February 2023 and following this, PayPal paid £18.99 into her account to reflect the extra amount she'd been charged.

On 20 February 2023 Mrs G raised a 'significantly not as described' claim. PayPal emailed Mrs G on 1 March 2023 and advised her to return the item(s) to the seller before 11 March 2023.

Whilst handling the claim, PayPal reviewed Mrs G's account history and, due to a large number of similar claims in the past, PayPal concluded that Mrs G was mis-using its Buyer Protection Program (BPP). Because of this, PayPal removed Mrs G from its BPP resulting in her claim for a refund being denied. This meant that if Mrs G wanted to obtain a full refund, she would have to contact the seller directly.

Unhappy with this outcome, Mrs G brought her complaint to the Financial Ombudsman Service for an independent review.

One of our investigators assessed the complaint and they concluded that it was reasonable that PayPal did not refund Mrs G's money due to it suspending the BPP for Mrs G. This was because PayPal had deemed Mrs G to have 'abused' the Buyer Protection Programme (BPP) – resulting in her no longer being covered by it.

However, following the investigator's involvement, PayPal did agree to pay Mrs G £25. This was to reflect the additional costs she incurred when she tried to return the items but says she was given the wrong address by PayPal - resulting in three wasted trips to the post office.

As Mrs G was unhappy with the offer, the complaint was referred 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.

Having reviewed everything, I think what PayPal has offered to do is fair and reasonable in the circumstances. I will explain why.

The basis of Mrs G's complaint is that she wants a refund for goods that turned up and were not as described. However, apart from an initial part refund of £18.99, PayPal has explained the claim for a refund of the rest of the amount claimed was declined. This was because, it says, Mrs G's eligibility for protection under the BPP had been withdrawn. PayPal says it was able to limit this eligibility under the terms of the user agreement.

I've seen the user agreement. And it explains that PayPal is able to "*suspend your eligibility for PayPal's Buyer Protection programme*" where it believes a customer has engaged in any 'Restricted Activities'.

The user agreement lists a variety of activities it deems to be a restricted activity. This includes "*Abuse of our online dispute resolution process and/or PayPal's Buyer Protection programme*". This doesn't stipulate exactly what would be considered abuse of the process. So, I think it was within PayPal's power to determine, on a case-by-case basis, what this abuse would look like, dependent on any individual situation. However, when making such a decision, this service expects PayPal to do so fairly.

PayPal has provided this service with its reasoning - including evidence of Mrs G's BPP claims history - explaining why it believes Mrs G engaged in what it deemed to be restricted activities. PayPal has provided information which indicates that it had received a large number of similar (i.e. significantly not as described) claims from Mrs G since 2018. And although a number of those claims were found in Mrs G's favour, I appreciate why the volume of claims and the nature of those claims have given PayPal cause to believe that Mrs G may be abusing its BPP.

Due to the number and type of claims, PayPal says it had warned Mrs G about unreasonable use of the BPP in 2018 and again in 2022. In the circumstances and given the evidence that PayPal has provided about Mrs G's history of BPP claims, I think PayPal's decision to withdraw Mrs G from its BPP is not unreasonable. Overall, I think PayPal reasonably acted in line with the user agreement when it limited Mrs G's eligibility to the BPP for her claim. Because of this, I can't say PayPal has done anything wrong because it chose to decline Mrs G's claim to be refunded the rest of the money, under her 'significantly not as described' claim.

I understand that Mrs G has received a part-refund from the retailer in question. However, whilst it's not clear why she received the specific amount that she did, Mrs G is no longer eligible for the BPP. This means Mrs G will need to pursue the retailer directly for the remaining amount, rather than PayPal.

When Mrs G submitted her 'significantly not as described' claim, she says that PayPal repeatedly gave her the wrong address in which to send the goods back to. Mrs G says she spent around £7 per trip and went three times, and then paid £25 when she was successfully able to send the items back.

PayPal has agreed to pay Mrs G £25. Overall, I think this is reasonable. I say this because, under the BPP, the costs to post items back to the seller are not covered by PayPal. So Mrs G would always have incurred some cost in sending the items back, even if her claim had been successful. However, I understand that Mrs G went three times to the post office and says she incurred a similar amount in total in costs to do so. So, I think PayPal's offer to pay £25, reasonably puts Mrs G back into the position she would've been in, had she been given the correct address the first time around.

Putting things right

PayPal has agreed to pay Mrs G £25 to reflect the incorrect information she'd been provided. In the circumstances I think this is reasonable considering what happened.

My final decision

Because of the reasons given above, I uphold this complaint in part, and require PayPal (Europe) Sarl et Cie SCA ("PayPal") to do what I have outlined above, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 12 February 2024.

Thomas White
Ombudsman