

## **The complaint**

Mr W complains that PayPal (Europe) Sarl et Cie SCA ("PayPal") failed to properly consider how his mental health and financial difficulties has affected his ability to repay the balance of his account.

## **What happened**

Mr W holds a running account credit facility with PayPal. In 2023, Mr W complained to PayPal about their decision to grant him a credit facility and their subsequent decisions to increase the credit limits on this. He also said PayPal didn't offer him any support and should have realised he was having difficulties as he only ever paid the minimum amount each month.

PayPal didn't uphold the complaint, so Mr W referred the matter to us. Our investigator said we couldn't consider Mr W's complaint about PayPal's decision to give him the account and their decision to increase the credit limits.

Mr W accepted the investigator's view in respect of the irresponsible lending complaint he had made. However, he said she hadn't considered the part of the complaint about how PayPal handled the situation with his mental health.

Our investigator sent a second view to Mr W in which she said that, in her view, PayPal had tried to offer him assistance at certain times and so felt they hadn't acted unfairly towards him.

As the matter remains unresolved, Mr W's complaint has been passed to me for a 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.

Initially, Mr W complained to PayPal about what he considered to be irresponsible lending on their part, and their failure to offer him support when he needed it. Our investigator explained why we couldn't consider the irresponsible lending part of the complaint and Mr W accepted her view on this. So, I don't intend to go into too much detail on this particular aspect.

For the avoidance of doubt though, I agree with the investigator's view. PayPal ceased to be a member of our voluntary jurisdiction from 1 December 2022. This means we can't look at events that occurred before they left our jurisdiction when a complaint about those events was brought to us after that date.

In this case, Mr W brought his complaint to us after 1 December 2022. Unfortunately for him, that means we can't consider the separate lending decisions PayPal made as these events all preceded 1 December 2022.

We can though consider the part of Mr W's complaint about PayPal's failure to offer him proper support and assistance. That's because those events occurred after PayPal joined

the Financial Conduct Authority's Temporary Permissions Regime on 1 January 2021. I would add just for completeness that this still means we can't consider the irresponsible lending part of Mr W's complaint as those events preceded 1 January 2021.

Since we started investigating Mr W's complaint, PayPal have contacted us to let us know that they are prepared to take some action in view of Mr W's mental health and financial difficulties. PayPal will no longer require Mr W to repay the outstanding balance of the account he holds with them. And they will no longer contact Mr W about repaying the balance in the future. PayPal has though said they will place a permanent limitation on Mr W's PayPal wallet account and the account will continue to be reported to the credit reference agencies with the likelihood that it will eventually default.

Having considered the matter, I think this offer isn't unreasonable. I realise this won't be what Mr W wants as the information about the account will be shown on his credit file and this is likely to be adverse information. However, as we can't consider his complaint about irresponsible lending, there's no realistic way I'll be able to direct PayPal to remove the account from Mr W's credit file or to remove any information about how the account has been managed.

I've also seen that PayPal has at least tried to offer Mr W some form of support. I've seen for example that they sent Mr W a letter in July 2023 in which they applied breathing space to the account which suspended all interest and late fees for 30 days. I understand also that PayPal sent Mr W an income and expenditure form to complete so they could assess his ability to repay the outstanding debt. I realise Mr W feels PayPal's actions haven't gone far enough. But, as I've mentioned, as we're not able to consider the part of Mr W's complaint about irresponsible lending, I can't direct PayPal to wipe the debt clear with no adverse record showing which is what Mr W wants.

I'm acutely aware of the impact this matter has had on Mr W. I'm really sorry to hear that he's been suffering such extreme difficulties and I realise that my decision won't finalise things as he would have liked. However, for the reasons I've set out above, I think that what PayPal has proposed is reasonable bearing in mind we can't look at all aspects of Mr W's complaint.

### **My final decision**

My final decision is PayPal (Europe) Sarl et Cie SCA has made an offer in which they will no longer require Mr W to repay the outstanding balance of the account he holds with them. And they will no longer contact Mr W about the balance in the future. I think this offer is reasonable in all the circumstances. So, my decision is that it should honour that offer and confirm this to Mr W.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 February 2024.

Daniel Picken  
**Ombudsman**