

The complaint

Mr W is unhappy with PayPal (Europe) Sarl et Cie SCA ("PayPal") decision to limit his account and refer it to a collection agency. Mr W is also unhappy with PayPal's handling of his personal data and his Data Subject Access Request ("DSAR").

What happened

Mr W held a PayPal account. Following a number of fee disputes being raised and a review of Mr W's account PayPal took the decision to limit its services to Mr W. Since 1 May 2023 the account held a negative balance. PayPal sent messages to Mr W about this on a number of occasions and as Mr W didn't respond or clear the balance it passed his details over to a debt collection agency to recover the money owed.

Mr W was unhappy with this and requested a DSAR through a webchat with PayPal. Mr W was advised that a security check would be required before this could be requested. This couldn't be completed and Mr W left the chat and didn't return.

Mr W further complained to PayPal about not receiving a response to his DSAR and that it passed his account to a debt collection agency.

PayPal explained his DSAR didn't go through due to the incomplete security check but that it would have this processed as soon as possible and sent to his secure message center within 30 days. But PayPal didn't uphold any of Mr W's other complaint points as it hadn't made any errors.

Mr W was unhappy with this so brought his complaint to this service.

Following this PayPal confirmed there had been an internal miscommunication and Mr W's DSAR wasn't processed and that it was working to have this completed and sent to Mr W as a priority. PayPal offered to settle Mr W's complaint by:

- Crediting £198.42 to clear the negative balance owed; and
- Crediting £100 to Mr W's PayPal account which allow the account will remain limited, PayPal will allow access to withdraw this.

One of our investigators looked into Mr W's concerns and reached the conclusion that PayPal hadn't treated Mr W unfairly as its user agreement allows it to share personal data with debt collection agencies and Mr W had an outstanding debt with it. Furthermore, PayPal are entitled to choose who it wants to do business with and it doesn't need to provide a reason why. They thought the offer PayPal had made to Mr W was fair for its error in the handling of Mr W's DSAR and in-line with what this service would recommend.

Mr W disagreed, he wants compensation for a number of disputed charges on his account on top of the £100 offered and for PayPal to respond to his subject access request and has asked 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.

I hope that Mr W won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that. And the crux of Mr W's complaint is about the decision PayPal have taken to limit its services to him and the handling of his personal data and DSAR.

It might help if I explain my role is to look at the problems Mr W has experienced and see if PayPal has done anything wrong. If it has, I would seek – if possible - to put Mr W back in the position he would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

As a general rule PayPal isn't obliged to continue offering a service to a customer if it doesn't want to or provide a reason or justification for its decision not to. Just as a customer doesn't have to explain why they may take their business elsewhere. What services a business provides and to who is a commercial decision and not something for me to get involved with.

That being said PayPal's user agreement allows it to limit an account in a large number of scenarios and it doesn't have to evidence why as this could be used to circumvent PayPal's security if they did so. Which I don't think this is unreasonable so I can't say PayPal has done anything wrong or treated Mr W unfairly by limiting access to his account and its services.

Furthermore, PayPal's user agreement which Mr W had to accept by ticking a box when opening his account states under section 6 that it shares personal data with debt collection agencies it uses to recover monies owed. Again, I don't think this is unreasonable or unusual. For a business to remain viable it needs to be able to collect money owed to it and to do this it needs to be able to provide relevant information to these agencies to assist it in collecting that debt.

So I can't say PayPal has done anything wrong here, Mr W's account had a negative balance with it, Mr W failed to engage with it regarding the balance owed, so PayPal was entitled as per its user agreement to engage a debt collection agency to recover money owed to it. I appreciate Mr W wants to know what the timescales are for doing this, but how it collects in money owed to it and when it does so is a commercial decision and not something we would get involved in.

Finally, PayPal on top of wiping Mr W's debt it has offered Mr W £100 compensation in recognition of any errors it made regarding Mr W's DSAR. Mr W is unhappy with this as he doesn't believe this is enough and says PayPal has still hasn't responded to his DSAR.

But this service doesn't supervise, regulate or discipline the businesses we cover. And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the regulator - in this case the Information Commissioner's Office - which I understand Mr W has now raised a complaint with regarding this matter. So overall, I think the £100 compensation is fair for the errors surrounding PayPal's handling of Mr W's DSAR and I'm not going to ask PayPal do anything more.

My final decision

For the reasons I've explained I've decided not to uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 April 2024.

Caroline Davies
Ombudsman