

The complaint

Mr M complains that PayPal (Europe) Sarl et Cie SCA has not met its obligations in regard to a payment towards flights.

What happened

In February 2022 Mr M wanted to fly to Moscow so he paid £95 to a travel arranger for it to book him onto a flight from London to Riga with one airline and then a connecting flight from Riga to Moscow with another airline due to take place in March 2022. War then broke out around the 24 February 2022. On 26 February, the travel arranger contacted Mr M about this and told him it could look into cancelling the flights. Mr M instructed the travel arranger to cancel both flights. On 27 February, the travel arranger requested the airline providing the flight from Riga to Moscow to cancel Mr M's tickets on the flight. On 05 March that airline informed the travel arranger that it had cancelled the entire flight. The travel arranger then provided a refund to Mr M of £51.81. Mr M unhappy he'd not got the full £95 refunded complained to PayPal.

PayPal considered Mr M's dispute with the travel arranger and didn't feel it had done anything wrong. So Mr M brought his complaint to this service. Our Investigator considered the matter and felt that PayPal treated Mr M fairly. However Mr M didn't agree so this decision came 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 should make it very clear that this decision is not about the travel arranger or the airlines. This is because neither of those firms is in the jurisdiction of this service for these types of complaints. This decision is solely about what PayPal did or didn't do in relation to its obligations in relation to Mr M with regard to chargeback and S75. I hope this important distinction is clear.

Chargeback is a straightforward dispute resolution process run by the card network (not PayPal). It allows for disputes to be raised with merchants and them to either accept the dispute or provide its evidence on the matter. If an amicable conclusion cannot be reached ultimately it's the card network itself which decides the outcome of the dispute. So it's possible for a card issuer to take the chargeback throughout the whole process and still not be successful having done everything correctly.

Here PayPal raised the chargeback and the travel arranger responded in detail providing evidence of the transaction and explaining that Mr M had said he wanted to cancel the booking considering the outbreak of war. The arranger also provided the booking confirmation showing the terms and conditions agreed. This included the fact that the travel arranger is not responsible for the provision of the flights themselves. It was only responsible for booking the flights and helping Mr M with his booking. It isn't responsible for the provision of the flights, the terms and conditions of the flights or the refunds payable by the airlines.

due to their refund policy. The travel arranger was only responsible for helping Mr M in relation to those bookings such as helping him recover any applicable refund.

It pointed out to PayPal that in relation to the flight from London to Riga the flight was still available. It pointed out that it was non-refundable and if it were to be cancelled the cancellation fee was more than the cost of the flight. So it didn't take any further action.

With regard to the flight from Riga to Moscow it cancelled the booking as per Mr M's request on 27 February 2022. It was only later that the airline cancelled the flight (in March 2022). So it's clear to me that the contract Mr M had with that airline was cancelled by him before it was cancelled by the airline. So clearly the contract should operate (and did operate) on the basis of Mr M's cancellation and not on the basis that the airline later cancelled it which is in essence immaterial to the refund the travel arranger should recoup.

Based on the above response to the chargeback, PayPal decided not to take the matter further. I've considered this and I think PayPal acted fairly. I say this because of two key issues, firstly the travel arranger not being responsible for the flight provision or the refunds payable through the relevant contracts Mr M had with the respective airlines. Secondly because the travel arranger recouped what Mr M was due in the circumstances. So it is abundantly clear to my mind that PayPal made a fair decision here not to take the chargeback further as I'm more than persuaded that the chargeback no longer had a reasonable prospect of success indeed far from it. So I don't think Mr M lost out due to what PayPal did here.

For the sake of completeness I'll address some of Mr M's arguments. He says he should get a full refund for the Riga Moscow flight. I disagree. He cancelled it before the airline did. So it's the terms in the contract with the airline that apply in relation to what happens when passengers cancel rather than the terms when the airline cancels. I've not seen any persuasive evidence that the travel arranger didn't recoup all that it could for what happened here. And it followed his instruction to cancel. So I don't think PayPal has treated him unfairly in this regard.

Mr M says he booked a journey from London to Moscow and says to describe it as two separate flights is 'misleading.' I disagree. Mr M didn't book the flights directly with the airline he chose to use a travel arranger to do this and it put to him these separate flights with separate airlines and he chose this route and agreed to be bound by the terms of the travel arranger (and indeed through this process the terms and conditions of each of the airlines). So I don't see why PayPal should consider this any differently to how it has.

Mr M says these flights were not 'fit for purpose.' I suspect Mr M is referring to the terms of the Consumer Rights Act 2015 which would be applicable here in a Section 75 claim under the Consumer Credit Act 1974 ('S75' and 'CCA' respectively). However S75 is not applicable for transactions under £100. So Mr M cannot make a S75 claim here in any event. Accordingly only the rules of the card network and the chargeback rules therein apply to this case and the dispute central to Mr M's complaint.

Mr M says this services' *"inability to protect me from the rogue travel agent and payment provider even in such a straightforward case significantly concerns me."* It is not this service's role to protect Mr M, it is to be impartial. Mr M chose to enter these contracts and just because he's lost out doesn't mean PayPal has treated unfairly. This matter consists of a number of different contracts between a number of parties and how they interact in relation to these significant events as well as the issues of PayPal's obligations here to Mr M and to consider the matter fairly. I do not consider this matter straightforward considering these different contracts and the unexpected turn in events in relation to war breaking out. Mr M says he's going to take the matter further. If and how he wishes to continue the matter

against PayPal is up to him. However this final decision concludes this service's processes with regards to disputes such as this.

Having considered all of Mr M's arguments and evidence provided and for the reasons given I'm not persuaded he's lost out because of how PayPal treated him. I think it treated him fairly in relation to chargeback by raising a chargeback and not proceeding once it felt there was no longer a reasonable prospect of success. Accordingly Mr M's complaint fails.

My final decision

I do not uphold this complaint against PayPal (Europe) Sarl et Cie SCA. It has nothing further to do in this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 September 2024.

Rod Glyn-Thomas
Ombudsman