

## **The complaint**

Mr H complains as a director of G, a company, that PayPal (Europe) Sarl et Cie SCA unfairly blocked or reversed payments made in respect of G

## **What happened**

Mr H had previously complained that PayPal had blocked or reversed a number of payments made in respect of G's account, it said these had been flagged for compliance review. As a resolution of that complaint PayPal paid to G compensation of £900. At that stage it had indicated that it had taken steps to avoid future reversed payments.

Mr H then had cause to make further complaints to PayPal. In his e-mail of 19 June 2023 he set out a list of transactions which had been blocked/reversed. These totalled over £3,000.

PayPal said in its final response letter of July 2023 that the transactions had passed the review but got denied due to G's payment preferences settings on the account. It set out to Mr H how to edit the payment preferences.

After referral back to the Financial Ombudsman Service, PayPal said that following Mr H's previous complaint there had been amendments made to the account to assist with payments not being impacted for certain compliance reasons. And that this was now active on their account. So it did not propose to pay any compensation.

Our Investigator said that PayPal should refund the further reversals relating to the account if it's clear that these have stemmed from the same issue as before.

I issued a provisional decision, essentially agreeing with our Investigator. But I thought it appropriate to set out a full figure as to what PayPal should be refunding. Also in an attempt to get the issue resolved without Mr H having to make repeated complaints I said that PayPal should work with him to resolve the issue.

Mr H responded to my provisional findings. He has pointed out an error in my calculations which I have corrected as set out below. He's also concerned about my direction that PayPal should work with him to resolve the issue as it hasn't done so before. He is content not to pursue the issue of reputational damage if PayPal resolves the issue which is causing payments to be blocked or returned when there are no compliance issues. He advises that since I issued my provisional decision, PayPal has made a payment of £3,538.

PayPal hasn't responded to my provisional findings nor has it set out to Mr H exactly what the payment it's made relates to.

## **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 set out below my provisional findings, in italics.

*"I should explain to Mr H that I can only consider the complaints up until the date of the final response letter from PayPal. This is because PayPal has set out its reasons for not refunding the payments which Mr H had sent details of in June 2023. I appreciate that Mr H says that there are further payments which are being blocked or reversed - this appears to be an ongoing situation. However, in respect of those payments PayPal hasn't said whether they've passed a review or are being blocked for compliance reasons. Our rules do require that businesses give their full response to any complaints before we can consider them.*

*I hope Mr H can also appreciate that I can't make any direction that PayPal continue to refund future payments as this would depend on the reason for them being blocked/reversed.*

*So in respect of the list of payments Mr H sent to PayPal in June 2023, I understand these were not blocked for compliance reasons, that is the payers were genuine. PayPal says that the payments were blocked/reversed because of the account payment preferences set up on the account. It had asked Mr H to update those preferences. However I am unclear why this should have blocked these payments. Mr H has sent us the details of those preferences from the account. And the only payments that appear to be blocked are accidental payments in relation to duplicate IDs. And he tells us that he hasn't changed the settings since setting up the account.*

*As PayPal has been rather vague in the information it has given us, I'm not able to say why payments to the account continue to be blocked/reversed. And given that PayPal denies that it is responsible for any of these problems it could simply refuse to refund them.*

*The evidence in this case persuades me that in my view the payments set out in the list Mr H sent to PayPal in June 2023 were blocked for the same reason as the payments it agreed to refund in respect of Mr H's earlier complaint. So I think that PayPal should refund to the account those payments and these total £3,238.88\*. It should add interest to the refund from the dates the payments were made until reimbursement.*

*As Mr H makes his complaint on behalf of the company G, I can't award a payment for distress. And though he has mentioned loss of reputation I haven't seen evidence that would enable that to be quantified. For the inconvenience caused, I propose to make an award of £100.*

*PayPal should also work with Mr H to resolve the issue on the account which is causing the payments to be blocked/reversed.*

*I should emphasise that this does not prevent PayPal from blocking or declining payments for genuine compliance reasons."*

*\* this figure is amended as set out below.*

*First of all a couple of payments were missed when calculating the total payable. The recalculated figure from the list of payments sent by Mr H on June 2023 is £3,578.86. PayPal will be aware of this total.*

*As for payments blocked or reversed since June 2023 I can't direct PayPal to refund those payments as it hasn't been given the opportunity to address these. And I appreciate that that puts Mr H in a difficult position as he shouldn't need to keep making further complaints either to PayPal or to this service. But without knowing what is causing the issue, all I can do is make directions as set out below. And I don't know if Mr H will need to adjust the settings on his account. I would have thought that rather than sending messages through to its complaints advisors PayPal should be getting its technical team to liaise with Mr H. And*

hopefully if the issue is resolved, all the further blocked payments can be unblocked and paid to the account of G.

I'm sorry if this doesn't resolve the issue for Mr H once and for all. I should emphasise however that the further blocked payments after June 2023 have not been considered by this service so if they are not refunded by PayPal Mr H would still have the right to complain further to it and ultimately to this service.

### **Putting things right**

PayPal should refund to G's account £3,578.88, less any payment already made. It should add simple interest\* at 8% from the dates of the individual payments until the date of reimbursement.

PayPal should also pay compensation of £100.

PayPal should further work with Mr H to resolve the issue on the account which is causing the payments to be blocked/ reversed.

\*HM Revenue & Customs may require PayPal to deduct tax from any award of interest. It must give G a certificate showing how much tax has been taken off if Mr H asks for one on its behalf.

### **My final decision**

I uphold the complaint and require PayPal (Europe) Sarl et Cie SCA to provide the redress set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 19 April 2024.

Ray Lawley  
**Ombudsman**