

## **The complaint**

Mr M has complained PayPal (Europe) Sarl et Cie, SCA pursued him for a debt arising from a transaction he'd not made.

## **What happened**

Mr M was being pursued by PayPal for a debt. This was for a purchase of £2,099.99 made using PayPal credit on 23 September 2022. Mr M knew he'd not made this purchase.

He discovered that, around this time, his telephone number had been ported over to another mobile phone provider. He was able to provide emails from his own provider showing when this happened coinciding with the disputed transaction.

PayPal didn't consider Mr M's evidence as sufficient and continued to require him to repay this debt, eventually passing his debt onto a third party for collection. A default ended up being added to Mr M's credit record.

Mr M brought his complaint to the ombudsman service along with the evidence from his mobile phone provider.

Our investigator felt Mr M's evidence showed it was most likely that he'd fallen victim to a SIM swap. During this period his PayPal account was accessed, and a transaction carried out without Mr M's authority. She asked PayPal to write off the debt, remove any markers from Mr M's credit record and pay him £75 for the inconvenience caused.

PayPal didn't accept this outcome as they felt there wasn't enough evidence to show a SIM swap had taken place.

## **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 done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr M's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves.

To help me come to a decision, I've reviewed the limited evidence PayPal provided as well

as what Mr M has told us. We've also shared the evidence Mr M provided to our service to PayPal.

I believe this transaction was carried out without Mr M's authorisation. I say this because:

- PayPal's evidence shows the mobile number used for the authentication of the disputed transaction was the one belonging to Mr M.
- Mr M's evidence from his mobile phone provider shows that his phone number was swapped to another provider. At the same time, emails from his provider were blocked from being sent to Mr M's email address. This demonstrates that during this period, Mr M wasn't immediately aware of what had happened. This is clearly like what we see in cases of SIM swapping. I appreciate PayPal disagrees, but they've provided no alternative evidence to make their case that Mr M authorised this transaction.
- There is no evidence to show the item ordered on 23 September 2022 was ever delivered to Mr M's address. In fact the alternative – that the item was picked up from the retailer – seems most likely.

The clear requirement under the PSRs is for financial businesses to provide evidence which shows a transaction was authorised by the customer. I don't believe PayPal did this based on the evidence.

### **Putting things right**

The immediate requirement is that PayPal must write off the debt and remove any reference to this from Mr M's credit record.

What happened had an undoubted impact on Mr M. I dispute what PayPal has said here – and in fact am surprised at the stance they've taken. The compensation we ask financial companies to pay is about the impact on an individual and I'm satisfied this exists sufficiently to ask PayPal to pay compensation. I agree with our investigator that £75 is fair and reasonable.

### **My final decision**

For the reasons given, my final decision is to instruct PayPal (Europe) Sarl et Cie, SCA to:

- Write off the debt of £2,099.99 and any related charges;
- Remove any reference to this debt from Mr M's credit record; and
- Pay Mr M £75 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 July 2024.

Sandra Quinn  
**Ombudsman**