

The complaint

Ms B complains that PayPal (Europe) Sarl et Cie SCA ("PayPal") raised disputes on payments made from her account, ultimately leading to her losing out financially.

What happened

The details of this complaint are well known to both parties, so I won't repeat them in full here. Instead, I'll briefly summarise what happened and focus on giving the reasons for my decision.

Ms B believed she'd set up a bank account through her PayPal account with a third-party provider. She made payments to merchants through her PayPal account. But after requesting a refund from two of the merchants, she found the money had been sent to an account with that third-party provider which she didn't have access to.

Following this, Ms B told us that some of the merchants she'd paid had had money taken out of their accounts, in relation to transactions with her, and they were looking to her to return this. Ms B's PayPal account fell into a negative balance and she said she had to keep putting money into it.

Ms B brought her complaint to our Service. She wanted the money that PayPal sent to the third-party account to be returned to her and she was unhappy about PayPal's actions, including allowing the third-party provider to access her PayPal account.

Our investigator considered this complaint. She found that the third-party account didn't belong to Ms B. When Ms B made some of her purchases, these funds were debited from another individual's account. So, she didn't think that PayPal had acted in error for crediting the third-party account.

Ms B disagreed. She wanted to know who owned the third-party account if it wasn't her and why she was able to use it for so long. And she felt that she'd lost out financially as she had evidence she'd paid money from her own bank account to PayPal.

So, the complaint was passed to me. I contacted both parties and the third-party provider informally to gather more information and to let Ms B know how I was minded to proceed, which was to agree with the outcome reached by the investigator.

But as Ms B hasn't accepted my informal findings, I'll now issue my 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.

Having done so, I'm not upholding this complaint – I'll explain why.

It's unclear how the third-party account became linked to Ms B's PayPal account. This seems to have happened in 2020. While Ms B believed she was opening a bank account,

this wasn't the case – and she doesn't (and didn't) hold an account with that financial provider. And I've seen evidence that the account belongs to another individual, which means that information about this account can't be shared with Ms B.

I've also seen statements that show that some of the payments Ms B made were funded by the third-party account i.e. the other individual referred to above was paying for some of her purchases. So, understandably, when the third-party account holder became aware of this, they wanted their money back. Based on what Ms B has told us, some of the money was returned by way of chargebacks with the relevant merchants. But those merchants have provided goods (to Ms B) and want to be paid for those – which would explain why Ms B may have since found she's being pursued for this money.

Ms B is concerned as she's been able to show that she made payments to some of the merchants from her own bank account, or via funds she sent to her PayPal account directly. But I can see that *some* payments from the PayPal account were made using funds from her own account and *some* were made using funds from the third-party account. I've carefully reviewed the statements and I haven't seen any instances where Ms B has paid for a transaction from her own account but a refund for this transaction has been sent to the third-party account.

I note that Ms B transacted with some of the merchants more than once – with payments sometimes coming from her own account and sometimes coming from the third-party account. And this is likely to have caused Ms B some confusion as she'll be able to show that she funded transactions herself but also will see that a refund has been made to the third-party account. I've checked these instances and am persuaded that the refunds were linked to the transactions made from the third-party account.

So, I'm persuaded that Ms B, unbeknownst to her, has been using another individual's funds to pay for transactions. And once the individual and the third-party bank became aware of this, the funds were ultimately returned. While she may have latterly been asked for money from the merchants or to bring her PayPal account back up from a negative balance, this is money that she'd always intended to spend for goods that she received.

I can understand why this situation would have been concerning to Ms B, especially as she has had to pay out funds that she thought she'd already paid. But, I can't see that she's lost out financially. There was mention of additional charges as a result of the merchants being asked to issue refunds, but I haven't seen any proof of these being passed on to Ms B. Nevertheless, I don't think it would be fair to ask PayPal to take any action here – I haven't seen enough evidence to hold it responsible for the account being linked and I can't see that Ms B lost out financially as a result of its actions.

My final decision

For the reasons given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 12 December 2024.

Melanie Roberts
Ombudsman